

# **West Michigan Risk Management Trust**

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## **Introductory Section**

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**West Michigan  
Risk Management  
Trust**

**Executive Board**

Holly Norman  
Chairperson

Kim Hansen  
Vice-Chairperson

Pam Kihn  
Secretary

Jim English  
Treasurer

**Member Districts**

Byron Center  
Caledonia  
Comstock Park  
Delton Kellogg  
East Grand Rapids  
Forest Hills  
Fruitport  
Godfrey Lee  
Grandville  
Gull Lake  
Jenison  
Kalamazoo RESA  
Kent City  
Kentwood  
Lowell  
Northview  
Ottawa Area ISD  
Reeths Puffer  
Rockford  
South Haven  
Sparta  
Spring Lake  
Thornapple Kellogg  
Wayland Union  
Wyoming  
Zeeland

September 27, 2007

Dear Pool Member:

The West Michigan Risk Management Trust (WMRMT) is an organization comprised of member school districts located in West Michigan. Formed in July 1990 to provide casualty and liability insurance, the membership has increased from the original 13 member districts to the current 26 members. The WMRMT insurance program also includes boiler and machinery coverage, risk management, third-party administration of claims, and loss prevention programs.

The WMRMT is a trust voluntarily established pursuant to Section 2 of Chapter 124 (P.A. 1951, No. 35, Section 2) and Section 5 of Chapter 124 (P.A. 1982, No. 138, Section 5) of the Michigan Compiled Laws for the purpose of providing participating school districts such services and security as are approved by the Board of Directors and permitted by the laws of the State of Michigan. Article 5 of the Interlocal Agreement and Bylaws established a Board of Directors and Officers of the Pool. Bylaws stipulate that the Board of Directors would determine the general policy of the Pool and that the chairperson would serve as the chief policy officer of the Pool.

In the fall of 1989, the Kent County Superintendent's Association expressed an interest in forming a self-insurance pool for the Kent County area. The Kent County Superintendent's Association is an organization located in West Michigan that includes all K-12 school districts in Kent County.

The WMRMT was established to create a cooperative atmosphere in which to provide:

- Increased or improved property and liability coverage's
- Reduced premiums
- Improved loss prevention programs
- Increased protection against extraordinary swings in insurance premiums
- The ability of Pool members to share in the interest income from their premiums
- Security against paying premiums several times greater than actual losses

Based on current entry procedures, new prospective members to WMRMT submit five-year loss histories with substantiating data along with exposure information on property values, vehicles, teachers, and student populations. The Executive Committee reviews this information to determine eligibility and compatibility with the current Pool members, with a 50 percent loss ratio as an established criteria for admissions, and makes a recommendation to the Board of Directors. The geographic scope of the Trust includes districts within the "West Michigan" boundary, which is defined as west of Lansing and south of Cadillac.

# **West Michigan Risk Management Trust**

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## **Financial Management**

WMRMT is a risk-sharing, self-insurance pool with a self-insurance retention (SIR) of \$250,000 per occurrence, effective for the 2006-2007 and 2005-2006 loss fund years, and a SIR of \$175,000 from inception to the 2004-2005 loss fund year, which is protected by excess insurance of adequate amounts over the SIR. The loss fund contribution is based on property values, vehicles, teachers, student population, and other pertinent data as reviewed annually. The loss fund is secured by unlimited aggregate coverage in excess of the fund in accordance with Section 7 (a)(iv) of P.A. 138 of 1982 of the Michigan Compiled Laws.

The treasurer of WMRMT serves as a fiscal agent for the pool and is responsible for setting up and maintaining the appropriate accounting system for the pool operations.

WMRMT accounting records for general operations are maintained on an accrual basis, with the contributions (assessments) from members recorded as revenue when submitted and measurable expenditures are recorded when the services are received and the liabilities incurred.

Article 8 of the bylaws provides that the Board of Directors shall approve a preliminary budget for the administration of WMRMT by June 30 of each year. Upon review and submission, the Board shall annually adopt the budget, which includes the annual contributions (assessments) to the member school districts.

Financial reports are produced showing budget and actual expenditures by line item. These reports are reviewed monthly by the finance committee and the Board of Directors. Individual line items are reviewed and analyzed for budgetary compliance.

Bylaws and state statutes require annual audits of the books of WMRMT. Plante & Moran, PLLC has been contracted to provide the auditing service. Tillinghast-Towers Perrin has been contracted to provide an actuarial service as required by the State. The use of accounting principles generally accepted in the United States of America and Governmental Accounting Standard Board (GASB) No. 10 and GASB No. 30, an amendment of GASB No. 10, are contained in this report.

# **West Michigan Risk Management Trust**

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## **Financial Management (Continued)**

The first year aggregate loss fund was set at \$335,000 and funded at the 100 percent level, the second year, 1991-1992, aggregate loss fund was set at \$333,663 and funded at the 100 percent level. The third year, 1992-1993, aggregate loss fund was set at \$339,132 and funded at the 100 percent level. The fourth year, 1993-1994, aggregate loss fund was set at \$405,000 and funded at the 100 percent level. The fifth year, 1994-1995, aggregate loss fund was set at \$453,000 and funded at the 100 percent level. The sixth year, 1995-1996, aggregate loss fund was set at \$450,000 and funded at the 100 percent level. The seventh year, 1996-1997, aggregate loss fund was set at \$532,500 and funded at the 100 percent level. The eighth year, 1997-1998, aggregate loss fund was set at \$650,000 and funded at the 100 percent level. The ninth year, 1998-1999, aggregate loss fund was set at \$650,000 and funded at 100 percent level. The tenth year, 1999-2000, the aggregate loss fund was set at \$725,000 and funded at 100 percent level. The eleventh year, 2000-2001, the aggregate loss fund was set at \$775,000 and funded at 100 percent level. The twelfth year, 2001-2002, the aggregate loss fund was set at \$775,000 and funded at the 100 percent level. The thirteenth year, 2002-2003, the aggregate loss fund was set at \$974,000 and funded at the 100 percent level. The fourteenth year, 2003-2004, the aggregate loss fund was set at \$1,000,000 and funded at the 100 percent level. The fifteenth year, 2004-2005, the aggregate loss fund was set at \$1,000,000 and funded at the 100 percent level. The sixteenth year, 2005-2006, the aggregate loss fund was set at \$1,369,108 and funded at the 100 percent level, and in the seventeenth year, 2006-2007, the aggregate loss fund was set at \$1,368,500 and funded at the 100 percent level.

Fund balances consisting of claim reserves and bank cash balances are invested in order to maximize earnings in each fund. WMRMT's interlocal agreement states that the investments shall be in accordance with those practices permitted by Michigan School Law as permitted under the Insurance Code of 1956, Act 219 of the Public Acts of 1956, as amended. All investments are made in recognition of liquidity needs for operating expenses and claim payments.

Revenue for the 2006-2007 fiscal year totaled \$3,409,686, of which \$195,185 was interest earnings.

Expenses for the 2006-2007 fiscal year totaled \$2,678,954 as follows:

Excess insurance premiums	\$ 1,592,786
Provision for claims	508,835
Contract services	311,040
Operating expenses	266,293

Each year, funding is accomplished by allocation of cost per member, and the member costs are developed through a formula that accounts for factors such as property values, student and vehicle counts, and loss experience. Each member is responsible for their portion of the loss fund on a proactive (up-front) basis. Since the losses continue to be funded at a maximum exposure level, there are no requirements for post-loss funding.

# **West Michigan Risk Management Trust**

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## **Cost Containment**

WMRMT's claims/risk management committee evaluates claims and makes recommendations to the Board of Directors on policies or procedures needed to reduce risk in certain areas. The Committee also arranges loss prevention management seminars.

Using contracted services for loss prevention, third-party claims administration, and risk management has also allowed the trust to control claims and costs.

WMRMT also has contractual arrangements with Gallagher Bassett Services, Inc. for the third-party claim administration and management. This agreement calls for claims management, loss control assistance, monthly loss runs, and other claims administration services, including regular attendance at claim committee meetings and full board meetings.

WMRMT has a contractual arrangement with Arthur J. Gallagher & Co. for renewal data gathering, market submission, proposal summaries, and other risk management administrative support to the Board. These relationships are integral to the operation of WMRMT.

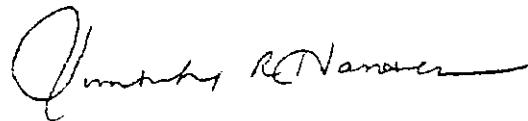
## **Summary**

The independent auditor's report issued by Plante & Moran, PLLC and the actuary report provided by Tillinghast-Towers Perrin is included in this report.

This report supports the philosophy of providing improved coverages and reducing costs that lead to the creation of WMRMT.

WMRMT continues on a course of controlled growth and expanded loss control with a focus on reducing losses.

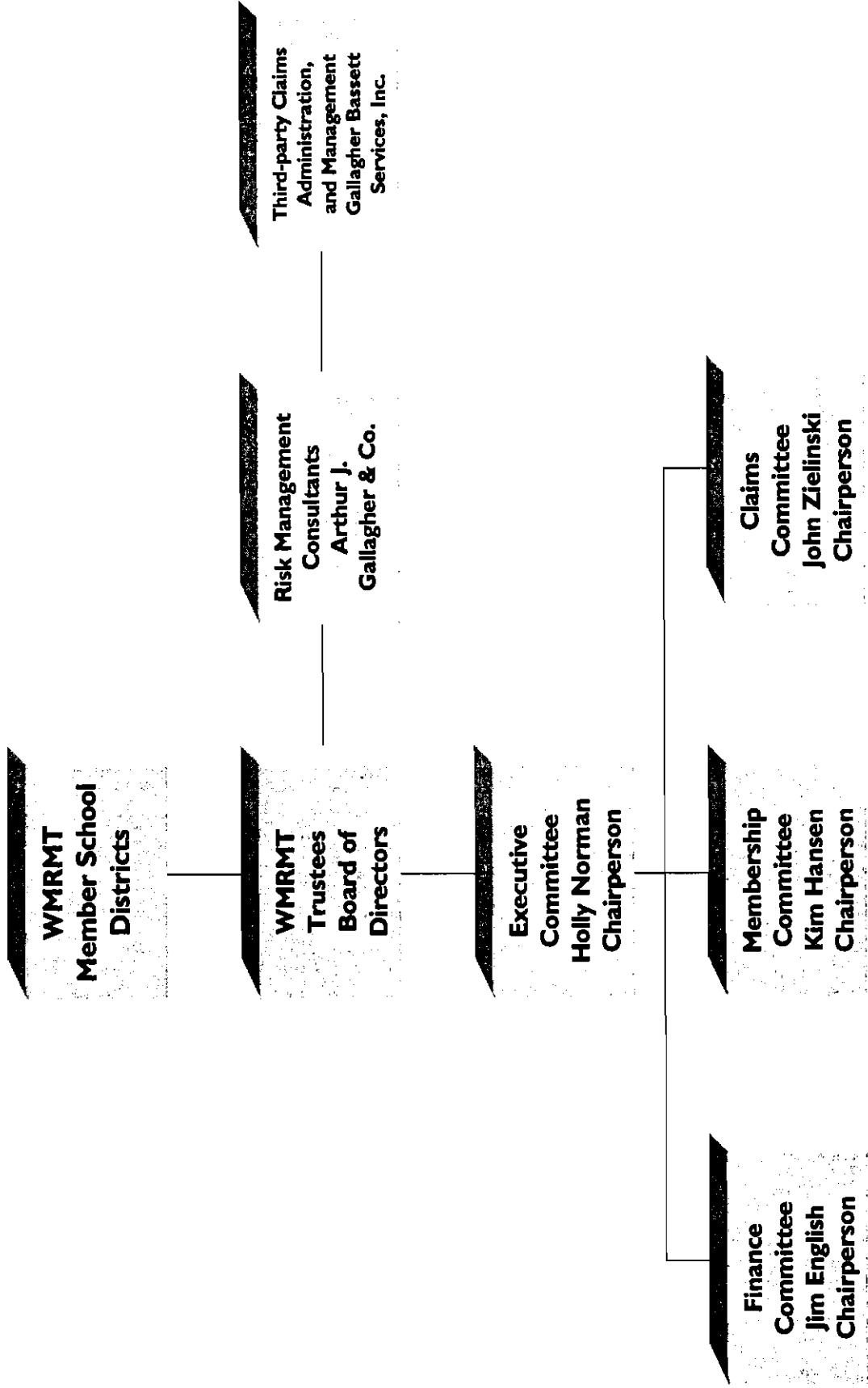
Sincerely,



Kimberly R. Hansen, Vice Chairperson  
Executive Committee  
West Michigan Risk Management Trust

## **West Michigan Risk Management Trust**

### **Organization Chart**



**West Management Risk Management Trust**

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**Executive Officers and Board of Directors**

**As of June 30, 2007**

**EXECUTIVE COMMITTEE**

Board Chairperson.....	Holly Norman – Kalamazoo RESA
Board Vice Chairperson.....	Kim Hansen - Jenison
Board Secretary .....	Pam Kihn - Fruitport
Board Treasurer.....	Jim English - Wayland
Board Chairperson of Claims/ Risk Management Committee .....	John Zielinski - Northview
Chairperson of Membership Committee .....	Kim Hansen - Jenison
Chairperson of Finance Committee .....	Jim English - Wayland

**BOARD OF DIRECTORS**

<b>BOARD MEMBERS</b>	<b>DISTRICTS</b>
Marc Faber .....	Byron Center
Ron Archer .....	Caledonia
Jill Kasual.....	Comstock Park
Sheryl Downer .....	Delton-Kellogg
Kevin Philipps .....	East Grand Rapids
Tim Raymer.....	Forest Hills
Pam Kihn .....	Fruitport
Roxanne Claxton.....	Godfrey Lee
Deb Reese.....	Grandville
Lisa Anderson.....	Gull Lake
Kim Hansen .....	Jenison
Holly Norman .....	Kalamazoo RESA
Steve Lampe.....	Kent City
Steve Zakem .....	Kentwood
Connie Gillette.....	Lowell
John Zielinski .....	Northview
Darcie Birkett.....	Ottawa Area ISD
Frank VerHoven.....	Reeths Puffer
Mike Cuneo.....	Rockford
Robin Mock .....	South Haven
Deb Berenbrock .....	Sparta
Deb Miller .....	Spring Lake
Chris Marcy.....	Thornapple Kellogg
Darcie Birkett.....	Wavecrest Career Academy
Jim English .....	Wayland Union
Scott Powers.....	Wyoming
David Van Ginhoven .....	Zeeland

## **Financial Statements**

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# **West Michigan Risk Management Trust**

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**Financial Report  
with Required Supplemental Schedules  
June 30, 2007**

# **West Michigan Risk Management Trust**

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## Independent Auditor's Report

**Plante & Moran, PLLC**  
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East Lansing, MI 48823  
Tel: 517.332.6200  
Fax: 517.332.8502  
[plantemoran.com](http://plantemoran.com)

To the Board of Directors  
West Michigan Risk Management Trust

We have audited the statement of net assets of West Michigan Risk Management Trust as of June 30, 2007 and 2006 and the related statements of revenue, expenses, and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of the Trust's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of West Michigan Risk Management Trust at June 30, 2007 and 2006 and the changes in financial position, including cash flows, for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and required supplemental information are not a required part of the basic financial statements but are supplemental information required by the Governmental Accounting Standards Board (GASB). We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

*Plante & Moran, PLLC*

September 27, 2007

# **West Michigan Risk Management Trust**

## **Management's Discussion and Analysis**

### **Using this Annual Report**

This annual report consists of the statement of net assets, the statement of revenue, expenses, and changes in net assets, and the statement of cash flows. Along with the footnotes, they provide detailed financial information concerning West Michigan Risk Management Trust (the "Trust"). This section, the management's discussion and analysis, is intended to provide an overview of the Trust's financial condition, results of operations, and other key information.

### **Financial Overview**

In analyzing the Trust's financial position, it is important to recognize the mission of the Trust. From a financial perspective, the Trust's general objectives are to formulate, develop, and administer, on behalf of the members, a program of insurance, to obtain lower costs for that coverage, and to develop a comprehensive loss prevention program. As of June 30, 2007, 26 Michigan school districts participate in the Trust.

The key financial statistics for the Trust would be based on total anticipated claims to be paid in a specific policy year as compared to the contributions received from members, otherwise known in the industry as a "loss ratio."

	<b>Policy Year Ended</b>		
	<b>2007</b>	<b>2006</b>	<b>2005</b>
Total contributions	\$ 3,213,158	\$ 3,230,676	\$ 3,130,811
Total estimated claim payments	990,000	521,826	504,486
Loss ratio	30.8%	16.2%	16.1%

Total estimated claim payments for each policy year consist of claim payments and an estimate of unsettled claims estimated by a third-party administrator and an estimate of claims incurred but not reported by an independent actuary. The methods of making such estimates are continuously reviewed by management and, according to industry practice, any changes to these estimates will have an impact on reported results of future periods. Claim payments can change significantly from period to period because the ultimate amount paid for claims is dependent on the frequency of claims filed as well as other events such as jury decisions, court interpretations, and legislative changes.

# **West Michigan Risk Management Trust**

## **Management's Discussion and Analysis (Continued)**

To reduce the Trust's exposure to large specific and aggregate policy year claims, the Trust enters into excess insurance contracts to recover losses in excess of stated amounts in the excess insurance contract. Currently, the per claim limit totals \$250,000.

A total of 100 percent of assets consists of cash, cash equivalents, and investments for 2007, 2006, and 2005. Approximately 91 percent, 78 percent, and 72 percent of total liabilities consist of reserve for claims for 2007, 2006, and 2005, respectively. Due to the nature of property/casualty claims and the related reporting and settlement processes of claims, it is anticipated, based on historical averages of the Trust, that approximately 34 percent of the estimated reserve for claims will be settled within one year. The analysis below presents a comparison of the Trust's current year financial position to the prior years:

	<u>2007</u>	<u>2006</u>	<u>2005</u>
Total assets (all current)	<u>\$ 3,823,537</u>	<u>\$ 3,346,543</u>	<u>\$ 2,812,491</u>
Current liabilities	\$ 407,251	\$ 689,485	\$ 877,612
Long-term liabilities	<u>624,191</u>	<u>595,695</u>	<u>593,990</u>
Total liabilities	1,031,442	1,285,180	1,471,602
Net assets (unrestricted)	<u>2,792,095</u>	<u>2,061,363</u>	<u>1,340,889</u>
Total liabilities and net assets	<u>\$ 3,823,537</u>	<u>\$ 3,346,543</u>	<u>\$ 2,812,491</u>

The following table shows the major components of income from operations for the current year, compared to the prior years:

	<u>2007</u>	<u>2006</u>	<u>2005</u>
<b>Income</b>			
Member contributions	\$ 3,213,158	\$ 3,230,676	\$ 3,130,811
Interest income	<u>195,185</u>	<u>117,559</u>	<u>37,176</u>
Other income	<u>1,343</u>	<u>23,414</u>	<u>5,543</u>
Total income	3,409,686	3,371,649	3,173,530
<b>Expenses</b>			
Total provision for claims	508,835	509,156	657,058
Total operating expenses	<u>2,170,119</u>	<u>2,142,019</u>	<u>2,209,976</u>
Total expenses	<u>2,678,954</u>	<u>2,651,175</u>	<u>2,867,034</u>
<b>Total Increase in Net Assets</b>	<b><u>\$ 730,732</u></b>	<b><u>\$ 720,474</u></b>	<b><u>\$ 306,496</u></b>

# **West Michigan Risk Management Trust**

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## **Management's Discussion and Analysis (Continued)**

The increase in operating expenses is a result of an increase in professional fees and loss control incurred in 2007. The decrease in operating expenses for 2006 is a result of a decrease in the excess insurance premiums. Total provision for claims, as noted above, is dependent on many factors and will change from year to year based on these factors.

### **Economic Factors and Next Year's Rates**

The expected rates charged by the Trust for member contributions for the next fiscal year are not expected to change significantly. All other operating expenses are expected to remain consistent with amounts reported in 2007. The provision for claim payments is expected to be consistent with historical trends, and we are unaware of any economic events or legislative events that would have a significant impact on the operations of the Trust.

### **Contacting the Trust's Management**

This financial report is intended to provide our members and regulators with a general overview of the accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact Jim English, treasurer, West Michigan Risk Management Trust, at 269-792-3117.

# West Michigan Risk Management Trust

## Statement of Net Assets

	June 30	
	2007	2006
<b>Assets</b>		
Cash and cash equivalents (Note 2)	\$ 2,787,466	\$ 3,346,543
Investments (Note 2)	<u>1,036,071</u>	-
 Total assets	 <u>\$ 3,823,537</u>	 <u>\$ 3,346,543</u>
 <b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 3,645	\$ 5,010
Deferred revenue	85,606	272,475
Current portion of reserve for claims (Note 3)	<u>318,000</u>	<u>412,000</u>
 Total current liabilities	 407,251	 689,485
 <b>Long-term Liabilities - Reserve for claims - Net of current portion (Note 3)</b>		
	624,191	595,695
 Total liabilities	 1,031,442	 1,285,180
 <b>Net Assets - Unrestricted</b>		
	2,792,095	2,061,363
 Total liabilities and net assets	 <u>\$ 3,823,537</u>	 <u>\$ 3,346,543</u>

# **West Michigan Risk Management Trust**

## **Statement of Revenue, Expenses, and Changes in Net Assets**

	Year Ended June 30	
	2007	2006
<b>Income</b>		
Member contributions	\$ 3,213,158	\$ 3,230,676
Interest income	195,185	117,559
Other income	1,343	23,414
	3,409,686	3,371,649
<b>Expenses</b>		
Provision for claims (Note 3):		
Payments	574,339	554,451
Reduction to reserve for claims	(65,504)	(45,295)
Reinsurance premiums (Note 4)	1,592,786	1,597,238
Service agent fees	228,800	229,700
Claims management fees	82,240	90,186
Administrative expenses:		
Professional fees	31,216	33,949
Appraisal service	3,100	2,675
MCCA assessments	152,574	163,169
Other	79,403	25,102
	2,678,954	2,651,175
<b>Increase in Net Assets</b>		
<b>Net Assets - Beginning of year</b>	730,732	720,474
<b>Net Assets - End of year</b>	<b>\$ 2,792,095</b>	<b>\$ 2,061,363</b>

# West Michigan Risk Management Trust

## Statement of Cash Flows

	Year Ended June 30	
	2007	2006
<b>Cash Flows from Operating Activities</b>		
Cash received from members	\$ 3,026,289	\$ 3,088,587
Cash paid for claims	(574,339)	(554,450)
Cash paid to suppliers and others	<u>(2,170,141)</u>	<u>(2,117,644)</u>
Net cash provided by operating activities	281,809	416,493
<b>Cash Flows from Investing Activities</b>		
Interest income received	195,185	117,559
Purchase of investments	(1,036,071)	-
Loan under note receivable	-	(300,000)
Repayment on note receivable	<u>-</u>	<u>300,000</u>
Net cash (used in) provided by investing activities	<u>(840,886)</u>	<u>117,559</u>
<b>Net (Decrease) Increase in Cash and Cash Equivalents</b>	<b>(559,077)</b>	<b>534,052</b>
<b>Cash and Cash Equivalents - Beginning of year</b>	<b>3,346,543</b>	<b>2,812,491</b>
<b>Cash and Cash Equivalents - End of year</b>	<b>\$ 2,787,466</b>	<b>\$ 3,346,543</b>

A reconciliation of increase in net assets to net cash from operating activities is as follows:

	Year Ended June 30	
	2007	2006
Increase in net assets	\$ 730,732	\$ 720,474
Adjustments to reconcile increase in net assets to net cash from operating activities:		
Interest income	(195,185)	(117,559)
Increase (decrease) in liabilities:		
Accounts payable	(1,365)	962
Deferred revenue	(186,869)	(142,089)
Reserve for claims	<u>(65,504)</u>	<u>(45,295)</u>
Net cash provided by operating activities	<b>\$ 281,809</b>	<b>\$ 416,493</b>

There were no significant noncash investing, capital, or financing activities during the years ended June 30, 2007 and 2006.

# **West Michigan Risk Management Trust**

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## **Notes to Financial Statements June 30, 2007 and 2006**

### **Note I - Nature of Entity and Significant Accounting Policies**

West Michigan Risk Management Trust (the "Trust") was established July 1, 1990 under the laws of the State of Michigan as a governmental group risk retention trust. The Trust provides a single multi-peril contract under which the members are covered for various types of risk including: property (all risk), general, automobile liability, loss and physical damage, mobile equipment, EDP software, fine arts and other miscellaneous property, crime, and boiler machinery. Membership in the Trust is open to all school districts in western Michigan, of which 26 currently participate.

The Trust provides risk management, consisting of compensating members for losses, costs, and expenses related to the stated coverages and using the funds contributed by members to defend any member of the Trust against stated liability or loss. Membership in the Trust is considered after a formal request supported by a resolution from the Board of Education of the applying school district. Any member joining the Trust is required to remain a member for a minimum of three full years. A member may withdraw from the Trust after the member's initial three-year term by giving nine months' prior written notice.

Trust underwriting and rate-setting policies are established after consultation with excess insurance underwriters and actuaries. Members are given 30 days' notice to make annual contributions to the Trust. The annual contributions are based on a final budget approved by the board of directors.

The Trust uses the accrual method of accounting. Contributions from members, which are calculated by the Trust, are recorded as revenue. Claim losses, along with excess insurance premiums, service fees, training program expense, and administrative expenses, are recorded as expenses. The estimated total cost of claim losses is accrued based on the estimate of claims that ultimately will be filed for an insurance period. The revenue, including investment income, and expenses for each self-insurance year are accounted for separately to determine excess equity or funding deficits. To the extent contributions finally are deemed to exceed claim losses and other costs, excess amounts will be refunded to members based on total premiums paid in an individual policy year. If necessary, funding deficits in individual policy years will be recovered through additional member contributions assessed to members participating in that policy year.

**Cash and Cash Equivalents** - The Trust considers all highly liquid investments purchased with a maturity of three months or less to be cash and cash equivalents.

**Investments** - Investments are stated at fair value, based on quoted market prices.

# **West Michigan Risk Management Trust**

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## **Notes to Financial Statements June 30, 2007 and 2006**

### **Note I - Nature of Entity and Significant Accounting Policies (Continued)**

**Reserve for Claims** - The reserve for claims represent the estimated liability for unpaid insurance losses and related expenses from reported claims and claims incurred but not reported. Changes to estimates are reflected in earnings currently.

**Use of Estimates** - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain amounts and disclosures in the financial statements. Actual results could differ from those estimates. Significant estimates exist relating to the reserve for claims as described in Note 3.

**Federal Income Tax Status** - Premium and investment income of the Trust is tax exempt under Section 115 of the Internal Revenue Code. Accordingly, no provision for income taxes is reflected in the financial statements.

### **Note 2 - Deposits and Investments**

The Trust's investment policy authorizes the Trust to make deposits in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan.

The Trust designated Comerica Bank for the deposit of its funds.

The Trust's cash and investments are subject to several types of risk, which are examined in more detail below:

**Custodial Credit Risk of Bank Deposits** - Custodial credit risk is the risk that in the event of a bank failure, the Trust's deposits may not be returned to it. The Trust does not have a deposit policy for custodial credit risk of bank deposits. At June 30, 2007, the Trust's deposit balance of \$3,859,418 had \$3,650,812 of bank deposits (checking and savings accounts) that were uninsured and uncollateralized. At June 30, 2006, the Trust's deposit balance of \$3,349,769 had \$3,249,769 of bank deposits (checking and savings accounts) that were uninsured and uncollateralized. The Trust believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the Trust evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

# **West Michigan Risk Management Trust**

## **Notes to Financial Statements June 30, 2007 and 2006**

### **Note 3 - Reserve for Claims**

The estimated reserve for unsettled claims filed is provided by the third-party administrator. The reserve for claims incurred but not reported is estimated by an independent actuary based upon the Trust's historical experience of claims incurred prior to June 30, 2007. The estimates reflect the best judgment as to the potential for claims to increase beyond the amounts already paid and reserved on filed claims. It is at least reasonably possible that a material change in the estimate could occur within the near term and thus the actual claims paid may be substantially different than these estimates. Any future adjustments to these amounts will affect the reported results of future periods.

The following summarizes the reserve for claims at June 30, 2007 and 2006:

	<u>2007</u>	<u>2006</u>
Claims filed at June 30 that remain unsettled as of that date	\$ 400,747	\$ 262,718
Estimate of claims relating to periods prior to June 30 not filed as of that date that are expected to be filed in the future	<u>541,444</u>	<u>744,977</u>
Total	<u>\$ 942,191</u>	<u>\$ 1,007,695</u>

# **West Michigan Risk Management Trust**

## **Notes to Financial Statements June 30, 2007 and 2006**

### **Note 3 - Reserve for Claims (Continued)**

The following represents changes in reserve for claims for the years ended June 30, 2007 and 2006:

	<u>2007</u>	<u>2006</u>
<b>Reserve for Claims - Beginning of year</b>	\$ 1,007,695	\$ 1,052,990
<b>Incurred Claims and Claims</b>		
<b>    Adjustment Expenses</b>		
Provision for claims in the current year	990,000	867,000
Decrease in provision for claims incurred in prior years	<u>(481,165)</u>	<u>(357,844)</u>
Total incurred claims and claims adjustment expenses	508,835	509,156
<b>Payments</b>		
Claims and claims adjustment expenses paid for claims incurred in the current year	272,870	285,509
Claims and claims adjustment expenses paid for claims incurred in prior years	<u>301,469</u>	<u>268,942</u>
Total payments	<u>574,339</u>	<u>554,451</u>
<b>Reserve for Claims - End of year</b>	<u>\$ 942,191</u>	<u>\$ 1,007,695</u>

The following, based on historical trends of the Trust, summarizes the anticipated settlement of claims at June 30, 2007 and 2006:

	<u>2007</u>	<u>2006</u>
Claims anticipated to be settled within one year	\$ 318,000	\$ 412,000
Claims anticipated to be settled in excess of one year	<u>624,191</u>	<u>595,695</u>
Total reserve for claims	<u>\$ 942,191</u>	<u>\$ 1,007,695</u>

# **West Michigan Risk Management Trust**

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## **Notes to Financial Statements June 30, 2007 and 2006**

### **Note 4 - Excess Insurance Coverage**

The Trust uses excess insurance agreements to reduce its exposure to large aggregate and specific losses. These agreements allow the Trust to recover losses in excess of aggregate and specific coverages specified in the agreements; however, the primary liability of the Trust is not discharged for the risks covered by these agreements. The Trust does not report claims liabilities expected to be paid under these agreements unless it is probable that those liabilities will not be covered and paid by excess insurance agreements. Premiums ceded under these agreements during the years ended June 30, 2007 and 2006 were \$1,592,786 and \$1,597,238, respectively. Amounts deducted from reserve for claims for expected recoveries under these contracts totaled approximately \$503,000 at June 30, 2006. No amounts were deducted from reserve for claims for expected recoveries under these contracts at June 30, 2007.

### **Note 5 - Related Party Transaction**

In June 2005, the board of directors approved a \$300,000, noninterest-bearing loan to West Michigan Health Insurance Pool, a related party through common management. The funds were advanced in July 2005 and repaid in February 2006.

## **Required Supplemental Information**

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# West Michigan Risk Management Trust

## Schedule of Operations for the Year Ended June 30, 2007

	Prior Years	1997-1998	1998-1999	1999-2000	2000-2001	2001-2002	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007	Total
<b>Income</b>												
Member contributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,213,158
Investment income	-	-	-	-	-	-	-	-	-	-	-	\$ 195,185
Other income	-	-	-	-	-	-	-	-	-	-	-	1,343
<b>Total income</b>	-	-	-	-	-	-	-	-	-	-	-	<b>3,409,686</b>
<b>Expenses</b>												
Provision for claims:												
Payments	-	-	-	-	-	-	-	-	96,626	84,328	120,515	272,870
Addition (reduction) to reserve for claims	-	-	-	-	-	(14,425)	(24,000)	(128,627)	(149,893)	(465,689)	-	574,339
Excess insurance premiums	-	-	-	-	-	-	-	-	-	-	-	(65,504)
Service agent fees	-	-	-	-	-	-	-	-	-	-	-	1,592,786
Claims management fees	-	-	-	-	-	-	-	-	-	-	-	228,800
Administrative expenses:												
Professional fees	-	-	-	-	-	-	-	-	-	-	-	31,216
Appraisal service	-	-	-	-	-	-	-	-	-	-	-	3,100
MCCA assessments	-	-	-	-	-	-	-	-	-	-	-	152,574
Other	-	-	-	-	-	-	-	-	-	-	-	79,403
<b>Total expenses</b>	-	-	-	-	-	(14,425)	(24,000)	(32,001)	(65,565)	(345,174)	3,160,119	<b>2,678,954</b>
<b>Excess of Income Over Expenses</b>	<b>\$ -</b>	<b>\$ 14,425</b>	<b>\$ 24,000</b>	<b>\$ 65,565</b>	<b>\$ 345,174</b>	<b>\$ 249,567</b>	<b>\$ 730,732</b>					

# West Michigan Risk Management Trust

## Schedule of Operations and Net Assets by Policy Year From Inception Through June 30, 2007

	Prior Years	1997-1998	1998-1999	1999-2000	2000-2001	2001-2002	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007	Total
<b>Income</b>												
Member contributions	\$ 8,926,913	\$ 1,663,462	\$ 1,600,974	\$ 1,654,179	\$ 1,688,446	\$ 2,124,218	\$ 2,952,320	\$ 3,307,375	\$ 3,130,811	\$ 3,230,676	\$ 3,213,158	\$ 33,492,532
Investment income	381,154	28,742	15,812	61,889	32,528	18,080	20,340	13,549	11,759	117,559	195,185	896,597
Other income	-	11,700	1,886	9,170	10,200	4,049	3,524	1,503	5,544	23,414	1,343	72,343
<b>Total income</b>	<b>9,308,067</b>	<b>1,703,904</b>	<b>1,618,672</b>	<b>1,725,238</b>	<b>1,731,174</b>	<b>2,146,347</b>	<b>2,976,194</b>	<b>3,322,427</b>	<b>3,148,114</b>	<b>3,371,649</b>	<b>3,409,686</b>	<b>34,461,472</b>
<b>Expenses</b>												
Provision for claims:												
Payments	2,529,050	\$23,726	656,220	575,794	592,913	603,360	686,982	440,137	406,024	272,870	7,885,026	
Addition to reserve for claims	-	-	-	-	-	-	-	9,873	35,037	64,349	115,802	717,130
Excess insurance premiums	5,632,775	973,466	896,904	896,147	748,472	1,070,655	1,561,131	1,881,095	1,705,892	1,597,238	1,592,786	18,536,561
Service agent fees	-	-	-	-	-	161,500	171,400	196,500	202,395	210,908	229,700	228,800
Claims management fees	390,084	72,688	119,069	89,447	63,533	96,168	84,067	98,939	99,911	90,186	82,240	1,401,203
Training program	23,292	-	1,241	5,096	3,642	-	-	-	-	-	-	1,286,332
Administrative expenses:												
Professional fees	101,073	16,489	17,635	19,302	17,600	18,975	21,007	20,601	28,694	33,949	31,216	326,541
Appraisal service	28,975	2,670	2,400	2,555	2,825	2,950	-	2,729	2,600	2,675	3,100	53,479
MCCA assessments	-	-	-	-	-	59,842	79,138	114,524	150,121	163,169	152,574	719,368
Loss control	-	-	-	-	-	7,760	7,775	4,268	3,801	-	-	23,604
Other	49,383	11,091	2,447	3,023	4,264	4,832	31,864	22,087	11,850	25,102	79,403	255,346
<b>Total expenses</b>	<b>8,754,632</b>	<b>1,674,354</b>	<b>1,563,422</b>	<b>1,671,790</b>	<b>1,555,390</b>	<b>2,025,510</b>	<b>2,591,208</b>	<b>3,068,190</b>	<b>2,714,462</b>	<b>2,663,845</b>	<b>3,160,119</b>	<b>31,482,922</b>
<b>Excess of Income Over Expenses</b>	<b>553,435</b>	<b>29,550</b>	<b>55,250</b>	<b>53,448</b>	<b>35,784</b>	<b>120,837</b>	<b>384,986</b>	<b>254,237</b>	<b>433,652</b>	<b>707,804</b>	<b>249,567</b>	<b>2,978,550</b>
<b>Premium Surplus Returned to Members</b>	<b>186,455</b>	-	-	-	-	-	-	-	-	-	-	<b>186,455</b>
<b>Net Assets - End of year</b>	<b>\$ 366,980</b>	<b>\$ 29,550</b>	<b>\$ 55,250</b>	<b>\$ 53,448</b>	<b>\$ 135,784</b>	<b>\$ 120,837</b>	<b>\$ 384,986</b>	<b>\$ 254,237</b>	<b>\$ 433,652</b>	<b>\$ 707,804</b>	<b>\$ 249,567</b>	<b>\$ 2,792,095</b>

# West Michigan Risk Management Trust

## Schedule of Claims Development

### Claims Development Information

The following table illustrates how the Trust's earned revenue (net of reinsurance) and investment income compare to related costs of loss (net of loss assumed by reinsurers) and other expenses assumed by the Trust as of the end of each of the past 10 years. The rows of the table are defined as follows: (1) This line shows the total of each fiscal year's gross earned contribution revenue and investment revenue and reported investment revenue, and net earned contribution revenue and reported investment revenue. (2) This line shows the fiscal year's other operating costs of the Trust, including overhead and claims expense not allocable to individual claims. (3) This line shows the Trust's gross incurred claims and allocated claim adjustment expenses, claims assumed by reinsurers, and net incurred claims and allocated adjustment expenses (both paid and accrued) as originally reported at the end of the first year in which the event that triggered coverage under the contract occurred (called policy year). (4) This section of 10 rows shows the cumulative net amounts paid as of the end of the successive years for each policy year. (5) This line shows the latest re-estimation amount of claims assumed by reinsurers as of the end of the current year for each accident year. (6) This section of 10 rows shows how each policy year's net incurred claims increased or decreased as of the end of successive years. (This annual re-estimation results from new information received on known claims, re-evaluation of existing information on known claims, and the emergence of new claims not previously known). (7) This line compares the latest re-estimated net incurred claims amount to the amount originally established (line 3) and shows whether this latest estimate of net claims cost is greater or less than originally thought. As data for individual policy years mature, the correlation between original estimates and re-estimated amounts commonly is used to evaluate the accuracy of net incurred claims currently recognized in less mature policy years. The columns of the table show data for successive policy years.

	Year Ended June 30									
	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
<b>(1) Required contributions and interest income:</b>										
Earned	\$ 3,408,343	\$ 3,348,235	\$ 3,142,570	\$ 3,313,779	\$ 2,961,537	\$ 2,133,333	\$ 1,710,092	\$ 1,683,592	\$ 1,608,413	\$ 1,671,776
Ceded	1,592,786	1,597,238	1,705,892	2,083,490	1,757,631	1,242,055	909,972	896,147	896,904	973,466
Net earned	1,815,557	1,750,997	1,436,678	1,230,289	1,203,906	891,278	800,120	787,445	711,509	698,310
<b>(2) Unallocated expenses</b>										
Incurred	266,293	224,895	193,265	262,680	220,344	190,542	109,624	119,423	142,792	102,938
Ceded	-	-	-	-	125,000	325,250	-	-	-	-
Net incurred	990,000	867,000	600,999	1,031,000	1,144,250	600,708	647,844	489,735	620,426	420,993
<b>(3) Estimated claims and expenses, end of policy year:</b>										
Incurred	-	-	-	-	-	-	-	-	-	-
Ceded	-	-	-	-	-	-	-	-	-	-
Net incurred	990,000	867,000	600,999	906,000	819,000	600,708	647,844	489,735	620,426	420,993

## West Michigan Risk Management Trust

### Schedule of Claims Development (Continued)

	Year Ended June 30									
	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
<b>(4) Net paid (cumulative) as of:</b>										
End of policy year	\$ 272,870	\$ 285,509	\$ 180,928	\$ 286,122	\$ 454,491	\$ 319,738	\$ 399,174	\$ 196,865	\$ 238,660	\$ 160,260
One year later	-	406,024	355,809	516,184	464,185	453,616	486,870	367,349	490,556	590,870
Two years later	-	-	440,137	590,356	600,658	464,006	573,336	540,415	511,175	603,543
Three years later	-	-	-	686,982	603,360	570,735	575,794	557,934	520,257	609,137
Four years later	-	-	-	-	603,360	592,913	575,794	571,862	520,257	609,153
Five years later	-	-	-	-	-	592,913	575,794	661,992	520,257	609,153
Six years later	-	-	-	-	-	-	575,794	656,220	520,257	609,153
Seven years later	-	-	-	-	-	-	-	656,220	523,726	609,153
Eight years later	-	-	-	-	-	-	-	-	523,726	597,950
Nine years later	-	-	-	-	-	610,038	-	-	-	597,950
<b>(5) Re-estimated ceded claims and expenses:</b>										
<b>(6) Re-estimated net incurred claims and expenses:</b>										
End of policy year	990,000	867,000	600,999	906,000	819,000	600,708	647,844	489,735	620,246	420,996
One year later	-	521,826	570,051	999,999	734,506	531,248	565,441	493,499	591,809	650,000
Two years later	-	-	504,486	754,020	673,233	586,066	601,175	611,473	568,577	640,482
Three years later	-	-	-	722,019	637,233	642,338	594,175	602,458	531,522	621,185
Four years later	-	-	-	-	613,233	607,338	575,794	677,555	524,177	613,978
Five years later	-	-	-	-	-	592,913	575,794	666,917	524,177	609,153
Six years later	-	-	-	-	-	-	575,794	656,220	520,257	609,153
Seven years later	-	-	-	-	-	-	-	656,220	523,726	609,153
Eight years later	-	-	-	-	-	-	-	-	523,726	597,950
Nine years later	-	-	-	-	-	-	-	-	-	597,950
<b>(7) Increase (decrease) in estimated net incurred claims and expenses from end of policy year</b>										
	-	(345,174)	(96,513)	(183,981)	(205,767)	(7,795)	(72,050)	166,495	(96,700)	176,957

## **Actuarial Financial Data**

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## STATEMENT OF ACTUARIAL OPINION

Financial Statement of the West Michigan Risk Management Trust



For the Year Ended June 30, 2007

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### IDENTIFICATION

I, Jeremy P. Pecora, am associated with the Tillinghast business of Towers Perrin. I am a member of the American Academy of Actuaries and meet its qualification standards for signing statements of actuarial opinion regarding property and casualty insurance company statutory Annual Statements. I am a Fellow of the Casualty Actuarial Society. I have been requested by the West Michigan Risk Management Trust ("Trust") to render this opinion.

### SCOPE

I have examined the reserves listed below, as shown in the Financial Statement of the Trust as prepared for filing with state regulatory officials, as of June 30, 2007.

Current portion of Reserve for Claims and Long Term Liabilities	\$942,191
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My examination of the loss and allocated loss adjustment expense reserves was based upon data and related information prepared by the Trust. In this regard, I relied on Judi Dean-Lilligan, Account Executive, as to the accuracy and completeness of the data. I evaluated the data used directly in my analysis for reasonableness and consistency. My evaluation did not reveal any data points materially affecting my analysis that fell outside of the range of reasonable possibilities. In performing this evaluation, I have assumed that the Trust (a) used its best efforts to supply accurate and complete data and (b) did not knowingly provide any inaccurate data. In other respects, my examination included the use of such actuarial assumptions and methods and such tests of calculations as I considered necessary.

My review was limited to the item above, and did not include an analysis of any income statement items or other balance sheet items. My opinion on the reserves is based upon the assumption that all reserves are backed by valid assets, which have suitably scheduled maturities and/or adequate liquidity to meet cash flow requirements.

### RELEVANT COMMENTS

Based solely on discussions with Trust management and their description of the Trust's ceded reinsurance, I am not aware of any reinsurance transaction that either has been or should have been accounted for as retroactive reinsurance or as financial reinsurance (defined as contractual arrangements that do not include a transfer of both timing and underwriting risk).

STATEMENT OF ACTUARIAL OPINION

Financial Statement of the West Michigan Risk Management Trust

TOWERS  
PERRIN  
TILLINGHAST

For the Year Ended June 30, 2007

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The Trust has represented to me that it has no unearned premium for long duration contracts, defined as single or fixed premium policies with coverage periods of thirteen months or greater which are non-cancelable and not subject to premium increase (except financial guaranty contracts, mortgage guaranty contracts, and surety contracts).

My opinion on the loss and allocated loss adjustment expense reserves net of excess insurance assumes that all excess insurance is valid and collectible. In addition, the Trust has represented to me that it knows of no uncollectible excess insurance recoveries. I have not anticipated any contingent liabilities that could arise if the excess insurers do not meet their obligations to the Trust as reflected in the data and other information provided to me.

I have reviewed the Trust's exposure to asbestos and environmental claims. In my opinion, the chance of material liability related to asbestos and environmental claims is remote, since reported claim activity levels are minimal, and the Trust did not write lines of business which are typically exposed to such losses.

I believe that there are significant risks and uncertainties that could result in material adverse deviation in the loss and allocated loss adjustment expense reserves. In consideration of the use of this opinion for purposes of solvency monitoring, I consider \$700,000 to be material for this Trust, calculated as 25% of members' equity. I have identified the major risk and uncertainty as the relatively small size of the Trust relative to the retained limit. The absence of other risks and uncertainties from this listing does not imply that additional factors will not be identified in the future as having been a significant influence on the Trust's reserves.

The Trust does not discount loss and allocated loss adjustment expense reserves.

Reserves are established gross of anticipated salvage and subrogation.

**OPINION**

In my opinion, the amounts recorded in the financial statement for the item above:

- a) are consistent with amounts computed in accordance with the Casualty Actuarial Society Statement of Principles Regarding Property and Casualty Loss and Loss Adjustment Expense Reserves and relevant standards of practice promulgated by the Actuarial Standards Board; and
- b) make a reasonable provision for all unpaid loss and allocated loss adjustment expense obligations of the Trust under the terms of its contracts and agreements.

STATEMENT OF ACTUARIAL OPINION

Financial Statement of the West Michigan Risk Management Trust



For the Year Ended June 30, 2007

Page 3 of 3

**VARIABILITY**

In evaluating whether the reserves make a reasonable provision for unpaid losses and allocated loss adjustment expenses, it is necessary to project future loss and allocated loss adjustment expense payments. Actual future losses and allocated loss adjustment expenses will not develop exactly as projected and may, in fact, vary significantly from the projections.

Further, my projections make no provision for extraordinary future emergence of new classes of losses or types of losses not sufficiently represented in the Trust's historical data base or which are not yet quantifiable.

An actuarial report, including underlying workpapers supporting the findings expressed in this statement of actuarial opinion, has been provided to the Trust to be retained for a period of seven years at its administrative offices and available for regulatory examination.

This statement of opinion is solely for the use of, and only to be relied upon by, the Trust and the State of Michigan insurance department with which it files its financial statement.

A handwritten signature in black ink that reads "Jeremy P. Pecora".

Date: October 16, 2007

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Jeremy P. Pecora, FCAS, MAAA  
Consultant  
Towers Perrin  
1000 Town Center, Suite 950  
Southfield, Michigan 48075-1225  
(248) 945-6443

## PURPOSE AND SCOPE

The Tillinghast business of Towers Perrin (Tillinghast) was retained by the West Michigan Risk Management Trust (WMRMT or the Trust) to perform an actuarial analysis of WMRMT's claim experience for the purpose of projecting ultimate losses and allocated loss adjustment expenses (ALAE). These projections are used to estimate the unpaid losses and ALAE as of June 30, 2007.

### **Allocated and Unallocated Loss Adjustment Expense**

Unless stated otherwise, the term "loss" used throughout this report refers to both loss and ALAE, but does not include unallocated loss adjustment expense (ULAE).

### **Excess Insurance**

Our analysis was performed net of commercial excess insurance. Our projections are net of anticipated future salvage and subrogation.

This document was prepared to summarize our findings. It should be noted that the results are subject to a number of reliances and limitations inherent to the estimation of ultimate loss and ALAE, as described in subsequent sections of this report.

Judgments about the analysis and findings presented in this report should be made only after considering the report in its entirety.

The Scope does not include quantification of the uncertainty in our estimates. However, in addition to the above, we have included commentary on the uncertainty inherent in our estimate of WMRMT's unpaid loss and loss adjustment expense. This commentary is intended to assist in understanding the financial implications of our results.

## **DISTRIBUTION AND USE**

### **Internal Distribution and Use**

This report has been prepared for the internal use of WMRMT management solely for the purpose of evaluating the Trust's unpaid losses and ALAE as of June 30, 2007. It is not intended nor necessarily suitable for any other purpose.

### **External Distribution**

We understand that WMRMT may wish to provide copies of this report to its external auditors, insurance regulators and current or prospective insurers (the "Recipients").

Permission is hereby granted for such distribution on the conditions that:

- Tillinghast is provided a list of the Recipients to whom this report is provided
- the report is distributed in its entirety
- each Recipient recognizes that Tillinghast is available, at the expense of WMRMT, to answer any questions concerning the report
- each Recipient agrees not to reference or distribute the report to any other party
- each Recipient recognizes that the furnishing of this report is not a substitute for its own due diligence and agrees to place no reliance on this report or the data contained herein that would result in the creation of any duty or liability by Tillinghast to such party
- each Recipient understands that such RECIPIENT IS DEEMED TO HAVE ACCEPTED THESE TERMS AND CONDITIONS by retaining a copy of this report.

No further distribution of this report or reference, either oral or written, to Tillinghast, our analysis or findings related to this report may be made without our prior written consent.

**Report and Exhibits are Interdependent**

The exhibits attached in support of our conclusions are an integral part of this report. The exhibits have been prepared so that our actuarial assumptions and judgments are documented. Judgments about the findings presented in this report should be made only after considering the report in its entirety. We are available to answer any questions that may arise regarding this report. We assume that the user of this report will seek such explanation on any matter in question.

The estimates set forth in this report are predicated on a number of assumptions as to future conditions and events. These assumptions are documented in subsequent sections of this report, and should be understood in order to place the actuarial estimates in their appropriate context. In addition, the estimates are subject to inherent limitations, as discussed herein.

## FINDINGS

Based on our analysis of WMRMT's experience at June 30, 2007, and subject to the considerations set forth in the *Reliances and Limitations* section, we have reached the following conclusions.

### **Estimated Net Unpaid Loss as of June 30, 2007**

The estimated net unpaid losses are summarized in the table below. When reviewing these results, please note:

- the estimates are on an expected value basis and, as such, do not include a margin for the risk of adverse emergence, and
- all claims occurring July 1, 1990 through June 30, 2002 are closed and we assume they will have no further development, and thus are not shown in the table.

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#### **ESTIMATED NET UNPAID LOSS AS OF JUNE 30, 2007**

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<b>Accident Year Ending June 30</b>	<b>Case Reserves</b>	<b>IBNR</b>	<b>Total</b>
2003	\$ 0	\$ 9,873	\$ 9,873
2004	0	35,037	35,037
2005	15,608	48,741	64,349
2006	0	115,802	115,802
2007	385,139	331,991	717,130
<b>Total</b>	<b>\$ 400,747</b>	<b>\$ 541,445</b>	<b>\$ 942,192</b>

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The estimated unpaid loss estimates summarized above exclude any provision for unpaid ULAE. These expenses typically include items associated with general claims adjusting (i.e., "overhead") that cannot be directly allocated to individual claims. Provisions for ULAE liabilities can vary widely, depending on the line of coverage and the contractual arrangement between an entity and the claims administrator.

The unpaid losses and ALAE have decreased approximately \$65,000 from the prior year's analysis. This decrease is caused primarily by favorable experience in the 2006 policy period.

### **Comparison of Current and Prior Results**

The following table presents a comparison of the current and prior retained ultimate loss estimates for each accident period.

#### **COMPARISON OF CURRENT AND PRIOR NET ULTIMATE LOSS AND ALAE**

<b>Accident Year Ending June 30</b>	<b>Prior <sup>(a)</sup></b>	<b>Current</b>	<b>Dollar Change</b>	<b>Percent Change</b>
1991	\$250,997	\$250,997	\$0	\$0
1992	333,663	333,663	0	0
1993	210,709	210,709	0	0
1994	405,000	405,000	0	0
1995	453,000	453,000	0	0
1996	450,000	450,000	0	0
1997	409,853	409,853	0	0
1998	597,950	597,950	0	0
1999	523,726	523,726	0	0
2000	656,220	656,220	0	0
2001	575,794	575,794	0	0
2002	607,337	592,913	(14,424)	-2.4%
2003	637,233	613,233	(24,000)	-3.8%
2004	754,020	722,020	(32,000)	-4.2%
2005	570,050	504,485	(65,565)	-11.5%
2006	867,000	521,826	(345,174)	-39.8%
Total	\$8,302,552	\$7,821,389	(\$481,163)	-5.8%

(a) From the June 30, 2006 report.

## Uncertainty

While a single value must be recorded on WMRMT's balance sheet, loss reserves are based on estimates of future contingent events and as such contain inherent uncertainty. The quantification of this uncertainty is not in the scope of our analysis, however we believe some commentary would be helpful in understanding the financial implications of our results.

It is important to note that a quantification of this uncertainty would likely reflect a range of reasonable favorable and adverse scenarios, but not necessarily a range of all possible outcomes. Further, the proper application of any range is dependent on the context. WMRMT financial reports are governed by accounting standards, and such standards vary among jurisdictions. Under current accounting standards, the ends of a range that is illustrative of uncertainty would likely not be suitable for financial reporting purposes.

WMRMT's retained losses are weighted towards general liability for which the estimation of unpaid loss is more uncertain than typical property/casualty lines of business. WMRMT has a small volume of annual losses. Loss predictions based on small volumes of data tend to be volatile.

## Changes in Operations

Based on discussions with WMRMT's management, we are not aware of any recent changes or any other aspect of WMRMT's operations that would be expected to materially affect the methods or assumptions used in this analysis. Consequently, we have not made any adjustments to the data, methods, assumptions or parameters implied by WMRMT's historical data to account for such changes.

**Projection of Ultimate Losses for July 1, 2007 - June 30, 2008**

Based on a loss fund for 2007-2008 of \$1,300,000 and a \$250,000 per occurrence retention, the estimated funding is listed below:

**EXPECTED ULTIMATE LOSSES JULY 1, 2007 TO JUNE 30, 2008**

Coverages	\$250,000 SIR
GL	\$344,067
AL	83,877
APD	137,880
Prop	538,946
Total	\$1,104,770

## **RELIANCES AND LIMITATIONS**

### **Inherent Uncertainty**

Estimates of loss and ALAE are subject to large potential errors of estimation since the ultimate disposition of claims incurred prior to the financial statement date, whether reported or not, is subject to the outcome of events that have not yet occurred. Examples of these events include jury decisions, court interpretations, legislative changes, changes in the medical condition of claimants, public attitudes, and social/economic conditions such as inflation. Any estimate of future costs is subject to the inherent limitation on one's ability to predict the aggregate course of future events. It should therefore be expected that the actual emergence of losses and ALAE will vary, perhaps materially, from any estimate. Thus, no assurance can be given that WMRMT's actual loss and ALAE will not ultimately exceed the estimates contained herein. In our judgment, we have employed techniques and assumptions that are appropriate, and the estimates presented herein are reasonable, given the information currently available.

### **Data Reliance**

Throughout this analysis, we have relied on historical data and other quantitative and qualitative information provided by WMRMT and its third party administrator, Gallagher Bassett Services, Inc. We have not independently audited or verified this information; however, we have reviewed it for reasonableness and internal consistency. We have assumed that the information is complete and accurate, and that we have been provided with all information relevant to the analysis of WMRMT's ultimate losses and ALAE. The accuracy of our results is dependent upon the accuracy and completeness of the underlying data; therefore, any material discrepancies discovered in this data should be reported to us and this report amended accordingly, if warranted.

## **Extraordinary Future Emergence**

We have not anticipated any extraordinary changes to the legal, social, or economic environment that might affect the cost, frequency, or future reporting of claims. In addition, our estimates make no provision for potential future claims arising from loss causes not represented in the historical data (e.g., new types of mass torts or latent injuries, terrorist acts, etc.) except insofar as claims of these types are included but not identified in the reported claims and are implicitly analyzed.

## **Excess Insurance Collectibility**

Liabilities are estimated net of excess insurance. An independent evaluation of the quality of security provided by WMRMT's excess insurers is outside the scope of our engagement. We have assumed that all of the Trust's excess insurance protection will be valid and collectible. Contingent liability may exist for any excess insurance recoveries that may prove to be uncollectible. Should such liabilities materialize, they would be in addition to the net liability estimates contained herein.

## **Underlying Assets**

We have not examined the assets underlying WMRMT's outstanding loss liabilities and we have formed no opinion as to the validity or value of these assets. We have assumed throughout the analysis that WMRMT's loss liabilities are backed by valid assets with suitably scheduled maturities and/or adequate liquidity to meet cash flow requirements.

## **Self-Insurance Risk**

When reviewing our findings, it is important to note certain implications of a group self-insurance program. The entire retained risk remains with the self-insured trust, which likely exposes the members to greater potential fluctuations in financial experience than does a first dollar insurance program. The members of WMRMT should have sufficient financial capacity to reserve for and withstand those fluctuations. Actual losses in excess of projected losses will have to be paid by WMRMT members. It is not possible to estimate such fluctuations completely accurately; however, the effects of such fluctuations can be reduced by the funding of a provision for contingencies (a margin for the risk of adverse deviation from the expected loss levels). We have not calculated such risk margins or estimated confidence levels in the scope of our review.

An important factor bearing on a group self-insured's financial capacity is the existence of an excess insurance program. Excess insurance is generally considered an integral part of programs with the potential for catastrophic losses; general liability, auto liability and property losses are characterized by this potential.

Nothing in this report should be construed as recommending that WMRMT members should or should not self-insure these coverages. Many factors should be considered in that decision.

## **General**

Estimated liabilities do not include a provision for:

- Cost of excess insurance
- Unallocated loss adjustment expense
- Actuarial and audit fees
- Risk management fees
- In-house legal counsel fees.

Note that ALAE represents the costs associated with the defense and settlement of individual claims. ULAЕ are those costs that are not attributable to specific claims, and are more in the nature of an overhead expense. The major item in this category would be fees for claims management services provided by an outside organization.

## BACKGROUND

### Trust Overview

WMRMT was formed on July 1, 1990. It is a group self-insured trust fund that is currently providing automobile liability, automobile physical damage, property, and general liability coverage for 26 school districts in Michigan. Prior to July 1, 1990 each school district acquired insurance on its own.

### Excess Insurance

The WMRMT per occurrence retention for the periods from July 1, 1990 to June 30, 1993 covered \$125,000 per occurrence. From July 1, 1993 to June 30, 2005, WMRMT covered the first \$175,000 per occurrence. From July 1, 2005 to the present, WMRMT is covering the first \$250,000 per occurrence. The Trust's annual aggregate loss fund has varied over the years (see Summary Exhibit I, Column (7)).

Each year the loss fund is set by the aggregate excess insurer. Individual members of the Trust contribute money to this fund to pay for future claims. In closed years in which the ultimate losses are less than the loss fund, the members who contributed to the loss fund are eligible to receive a surplus dividend associated with the closed year. The aggregate excess insurer provides funds for the years in which the ultimate losses exceed the loss fund.

### Terminology

*Loss:* The use of the term loss without modification includes loss and ALAE, but does not include ULAE.

*IBNR:* IBNR stands for claims Incurred But Not Reported. In this report, we have used the term in its broader, more general sense, to represent development on outstanding case reserves (also referred to as supplemental or IBNER – Incurred But Not Enough Reported) and unreported claims (also referred to as “pure” IBNR or IBNYR – Incurred But Not Yet Reported).

*Accident Year:* Includes all claims that occurred during the “accident period”, e.g., accident year July 1, 2006 through June 30, 2007 would include all claims occurring during that period, regardless of when they were reported.

## DATA AND INFORMATION

We relied on the following information as provided by WMRMT, for use in the analysis:

- General liability, auto liability, auto physical damage and property exposure data, and Trust retention information;
- Paid and reported loss and ALAE data for accident years July 1, 1990 through June 30, 2007 evaluated as of June 30, 2007;
- Detailed information for large claims; and
- Detailed information on open and total claim counts.

We relied upon this information without audit or independent verification. We also relied on information from insurance industry sources where a sufficient volume of WMRMT experience is lacking.

### **Simple Average of Latest 10 (Non-contiguous)**

	1.000	1.000	1.000	1.000	1.000	1.000
- 4.503	0.942	1.065	0.955	1.011	0.991	1.012
- 3.651						

1.000 1.500 2.000 2.500 3.000 3.500 4.000

**Volume Weighted Average of Latest 5 (Non-contiguous)**

1.968	1.464	0.647	1.091	0.988	1.000	1.000
					1.000	1.000
					1.000	1.000
					1.000	1.000

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Prior Selected

**2.000** 1.650 1.080 1.100 1.080 1.008 1.004 1.002 1.000

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1,000 1,000 1,000 1,000 1,000 1,000

**4.078** 2.039 1.236 1.166 1.065 1.014 1.008 1.004 1.001 1.000 1.000 1.000 1.000

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**West Michigan Risk Management Trust**  
**General Liability (GB, GD, PI)**  
**Total Claim Counts**  
Data Evaluated as of 06/30/2007

Accident Year	Evaluation Age in Months												156	168	180	192	204
	12	24	36	48	60	72	84	96	108	120	132	144					
1991	28	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	
1992	21	22	23	24	24	24	24	24	24	24	24	24	24	24	24	24	
1993	22	24	26	28	28	28	28	28	28	28	28	28	28	28	28	28	
1994	26	30	31	31	31	31	31	31	31	32	32	32	32	32	32	32	
1995	22	25	25	25	25	25	25	25	26	26	26	26	26	26	26	26	
1996	19	25	26	27	27	27	27	27	27	28	28	28	28	28	28	28	
1997	32	36	36	36	36	36	36	36	36	36	36	36	36	36	36	36	
1998	34	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40	
1999	12	16	17	17	17	17	17	17	17	17	17	17	17	17	17	17	
2000	14	19	20	20	20	20	20	20	20	20	20	20	20	20	20	21	
2001	16	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	
2002	10	16	18	18	18	18	18	18	18	18	18	18	18	18	18	18	
2003	8	9	10	11	11	11	11	11	11	11	11	11	11	11	11	11	
2004	17	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	
2005	13	17	17	17	17	17	17	17	17	17	17	17	17	17	17	17	
2006	16	21	21	21	21	21	21	21	21	21	21	21	21	21	21	21	
2007	13	13	13	13	13	13	13	13	13	13	13	13	13	13	13	13	

**West Michigan Risk Management Trust**  
**General Liability (GB, GD, PI)**  
**Open Claim Counts**  
Data Evaluated as of 06/30/2007

Accident Year	Evaluation Age in Months										180	192	204
	12	24	36	48	60	72	84	96	108	120			
1991	4	0	0	0	0	0	0	0	0	0	0	0	0
1992	6	1	1	1	1	1	1	1	1	1	0	0	0
1993	5	2	1	2	2	2	2	2	2	2	0	0	0
1994	9	1	1	1	1	1	1	1	1	1	0	0	0
1995	7	0	1	1	1	1	1	1	1	1	0	0	0
1996	5	1	1	0	0	0	0	0	0	0	0	0	0
1997	4	0	0	0	0	0	0	0	0	0	0	0	0
1998	5	2	1	0	0	0	0	0	0	0	0	0	0
1999	2	1	0	0	0	0	0	0	0	0	0	0	0
2000	5	3	2	1	1	1	1	1	1	1	0	0	0
2001	1	1	0	0	0	0	0	0	0	0	0	0	0
2002	2	1	2	1	2	1	1	1	1	1	0	0	0
2003	4	2	1	1	1	1	1	1	1	1	0	0	0
2004	12	4	1	1	1	1	1	1	1	1	0	0	0
2005	1	3	1	1	1	1	1	1	1	1	0	0	0
2006	7	0	0	0	0	0	0	0	0	0	0	0	0
2007	1	1	1	1	1	1	1	1	1	1	0	0	0

Accident Year	Evaluation Age in Months											
	12	24	36	48	60	72	84	96	108	120	132	144
1991	18,205	32,365	44,655	49,655	45,225	45,225	45,225	45,225	45,225	45,225	45,225	45,225
1992	11,318	19,946	19,615	34,615	119,615	106,248	106,248	106,248	106,248	106,248	106,248	106,248
1993	15,704	15,945	31,057	46,904	56,057	46,904	46,904	46,904	46,904	46,904	46,904	46,904
1994	552,553	554,783	569,783	945,098	981,195	981,195	981,195	981,195	981,195	981,195	981,195	981,195
1995	307,205	1,174,205	1,168,304	804,021	862,449	882,449	892,449	892,449	892,449	892,449	892,449	892,449
1996	37,599	31,435	31,435	31,435	31,435	31,435	31,435	31,435	31,435	31,435	31,435	31,435
1997	42,886	40,406	40,406	40,406	40,406	40,406	40,406	40,406	40,406	40,406	40,406	40,406
1998	29,952	33,781	33,781	33,781	33,781	33,781	33,781	33,781	33,781	33,781	33,781	33,781
1999	96,520	77,288	77,288	60,547	60,547	60,547	60,547	60,547	60,547	60,547	60,547	60,547
2000	61,522	82,103	58,488	58,488	58,488	58,488	58,488	58,488	58,488	58,488	58,488	58,488
2001	27,738	28,307	34,007	33,218	33,218	33,218	33,218	33,218	33,218	33,218	33,218	33,218
2002	32,614	34,372	34,272	34,272	34,272	34,272	34,272	34,272	34,272	34,272	34,272	34,272
2003	24,140	24,727	24,727	24,727	24,727	24,727	24,727	24,727	24,727	24,727	24,727	24,727
2004	77,037	179,857	202,807	201,307	201,307	201,307	201,307	201,307	201,307	201,307	201,307	201,307
2005	58,973	38,901	38,122	27,371	27,371	27,371	27,371	27,371	27,371	27,371	27,371	27,371
2006	26,515											
2007												

Accident Year	Age Interval in Months											
	12 to 24	24 to 36	36 to 48	48 to 60	60 to 72	72 to 84	84 to 96	96 to 108	108 to 120	120 to 132	132 to 144	144 - 156
1991	1,778	1,380	1,112	0,911	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
1992	1,683	1,030	1,785	3,456	0,886	1,000	1,000	1,000	1,000	1,000	1,000	1,000
1993	0,990	1,898	1,483	1,217	0,837	1,000	1,000	1,000	1,000	1,000	1,000	1,000
1994	1,004	1,610	1,062	1,038	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
1995	3,822	0,985	0,774	0,987	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
1996	0,836	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
1997	0,942	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
1998	1,128	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
1999	0,801	1,000	0,783	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
2000	1,335	0,712	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
2001	1,026	1,193	0,977	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
2002	1,051	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
2003	1,024	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
2004	2,332	1,129	0,993	1,270	1,121							
2005	0,541											
2006												
2007												

Prior Selected	Simple Average of Latest 10 (Non-contiguous)											
	1	1,130	1,030	0,933	1,003	0,984	1,000	1,000	1,000	1,000	1,000	1,000
Selected	2	1,180	1,024	0,634	1,011	0,986	1,000	1,000	1,000	1,000	1,000	1,000
Dev To UR	3	1,380	1,124	0,984	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Prior Selected	4	1,236	1,055	1,024	1,015	1,004	1,002	1,001	1,000	1,000	1,000	1,000

Accident Year	Evaluation Age in Months											
	12	24	36	48	60	72	84	96	108	120	132	144
1991	12,197	12,531	26,519	43,378	45,225	45,225	45,225	45,225	45,225	45,225	45,225	45,225
1992	6,816	18,046	19,615	20,294	30,966	108,248	106,248	106,248	106,248	106,248	106,248	106,248
1993	15,454	15,545	16,057	25,122	46,904	46,904	46,904	46,904	46,904	46,904	46,904	46,904
1994	24,308	41,226	56,188	67,598	90,116	90,116	90,116	90,116	90,116	90,116	90,116	90,116
1995	24,219	37,704	193,312	860,683	892,449	892,449	892,449	892,449	892,449	892,449	892,449	892,449
1996	28,189	40,335	31,435	31,435	31,435	31,435	31,435	31,435	31,435	31,435	31,435	31,435
1997	33,386	40,406	40,406	40,406	40,406	40,406	40,406	40,406	40,406	40,406	40,406	40,406
1998	28,652	33,761	33,781	33,781	33,781	33,781	33,781	33,781	33,781	33,781	33,781	33,781
1999	23,675	38,856	44,475	60,547	60,547	60,547	60,547	60,547	60,547	60,547	60,547	60,547
2000	35,902	42,103	50,468	56,468	56,468	56,468	56,468	56,468	56,468	56,468	56,468	56,468
2001	26,230	28,507	30,760	33,218	33,218	33,218	33,218	33,218	33,218	33,218	33,218	33,218
2002	31,114	34,272	34,272	34,272	34,272	34,272	34,272	34,272	34,272	34,272	34,272	34,272
2003	22,500	24,727	24,727	24,727	24,727	24,727	24,727	24,727	24,727	24,727	24,727	24,727
2004	71,739	104,657	104,807	104,807	201,307	201,307	201,307	201,307	201,307	201,307	201,307	201,307
2005	28,333	30,801	39,122									
2006	22,768	27,323										
2007	25,315											

Accident Year	Age Interval in Months											
	12 to 24	24 to 36	36 to 48	48 to 60	60 to 72	72 to 84	84 to 96	96 to 108	108 to 120	120 to 132	132 to 144	144 to 156
1991	1,027	2,116	1,636	1,043	1,043	1,000	1,000	1,000	1,000	1,000	1,000	1,000
1992	2,160	1,030	1,035	1,527	3,429	1,000	1,000	1,000	1,000	1,000	1,000	1,000
1993	1,006	1,003	1,000	1,565	1,867	1,000	1,000	1,000	1,000	1,000	1,000	1,000
1994	1,704	1,336	16,683	1,046	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
1995	1,557	5,129	4,555	1,013	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
1996	1,077	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
1997	1,210	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
1998	1,171	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
1999	1,645	1,142	1,361	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
2000	1,276	1,386	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
2001	1,086	1,079	1,080	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
2002	1,102	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
2003	1,089	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
2004	1,459	1,001	1,921									
2005	1,067	1,270										
2006	1,200											
2007												

Line	Simple Average of Latest 10 (Non-contiguous)											
	Prior Selected	Selected	Volume Weighted Average of Latest 10 (Contiguous)	Volume Weighted Average of Latest 5 (Non-contiguous)	Industry Paid - Countywide - Fast	Prior Selected	Selected	Dev to Ur				
[1]	1,234	1,088	1,492	1,006	1,087	1,000	1,000	1,000	1,000	1,000	1,000	1,000
[2]	1,261	1,000	2,345	1,010	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
[3]	1,257	1,048	1,391	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
[4]	1,953	1,381	1,161	1,080	1,034	1,013	1,007	1,000	1,000	1,000	1,000	1,000

**West Michigan Risk Management Trust**  
**Automobile Liability (AB, AD, AN)**  
**Total Claim Counts**  
**Data Evaluated as of 06/30/2007**

**Appendix B**  
**Page 3**

Accident Year	Evaluation Age in Months																
	12	24	36	48	60	72	84	96	108	120	132	144	156	168	180	192	204
1991	36	37	38	38	38	38	38	38	38	38	38	38	38	38	38	38	38
1992	21	23	23	23	23	23	23	23	23	23	23	23	23	23	23	23	23
1993	39	39	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41
1994	49	49	49	50	50	50	50	50	50	50	50	50	50	50	50	50	50
1995	51	54	54	54	54	54	54	54	54	54	54	54	54	54	54	54	54
1996	38	37	37	37	37	37	37	37	37	37	37	37	37	37	37	37	37
1997	60	62	62	62	62	62	62	62	62	62	62	62	62	62	62	62	62
1998	61	67	67	67	67	67	67	67	67	67	67	67	67	67	67	67	67
1999	41	44	44	44	44	44	44	44	44	44	44	44	44	44	44	44	44
2000	39	43	43	43	43	43	43	43	43	43	43	43	43	43	43	43	43
2001	45	45	46	46	46	46	46	46	46	46	46	46	46	46	46	46	46
2002	40	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41
2003	30	35	35	35	35	35	35	35	35	35	35	35	35	35	35	35	35
2004	35	39	39	39	39	39	39	39	39	39	39	39	39	39	39	39	39
2005	33	35	35	36	36	36	36	36	36	36	36	36	36	36	36	36	36
2006	25	26	26	26	26	26	26	26	26	26	26	26	26	26	26	26	26
2007	25																

**West Michigan Risk Management Trust**  
**Automobile Liability (AB, AD, AN)**  
**Open Claim Counts**  
Data Evaluated as of 06/30/2007

**Appendix B**  
Page 4

Accident Year	Evaluation Age in Months																
	12	24	36	48	60	72	84	96	108	120	132	144	156	168	180	192	204
1991	3	1	1	1	0	0	0	0	0	0	0	0	0	0	0	0	0
1992	1	0	0	1	1	1	0	0	0	0	0	0	0	0	0	0	0
1993	1	0	1	1	1	1	0	0	0	0	0	0	0	0	0	0	0
1994	4	1	1	1	1	1	0	0	0	0	0	0	0	0	0	0	0
1995	6	2	1	1	1	1	0	0	0	0	0	0	0	0	0	0	0
1996	3	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1997	3	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1998	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1999	5	1	1	1	0	0	0	0	0	0	0	0	0	0	0	0	0
2000	3	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2001	1	0	1	1	0	0	0	0	0	0	0	0	0	0	0	0	0
2002	3	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2003	2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2004	3	1	1	1	0	0	0	0	0	0	0	0	0	0	0	0	0
2005	5	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2006	2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2007	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

Accident Year	Evaluation Age in Months											
	12	24	36	48	60	72	84	96	108	120	132	144
1991	256.756	257.008	250.191	250.191	250.191	250.191	250.191	250.191	250.191	250.191	250.191	250.191
1992	16.286	17.389	17.399	17.389	17.389	17.389	17.389	17.389	17.389	17.389	17.389	17.389
1993	31.925	36.040	36.040	36.040	36.040	36.040	36.040	36.040	36.040	36.040	36.040	36.040
1994	56.523	55.969	55.969	55.969	55.969	55.969	55.969	55.969	55.969	55.969	55.969	55.969
1995	101.690	100.963	100.963	100.963	100.963	100.963	100.963	100.963	100.963	100.963	100.963	100.963
1996	123.166	164.060	163.660	163.608	163.608	163.608	163.608	163.608	163.608	163.608	163.608	163.608
1997	105.429	119.474	119.474	119.474	119.474	119.474	119.474	119.474	119.474	119.474	119.474	119.474
1998	94.035	95.007	92.507	92.507	92.507	92.507	92.507	92.507	92.507	92.507	92.507	92.507
1999	90.103	97.536	97.536	97.538	97.538	97.538	97.538	97.538	97.538	97.538	97.538	97.538
2000	159.724	157.991	157.991	157.991	157.991	157.991	157.991	157.991	157.991	157.991	157.991	157.991
2001	110.083	125.144	125.144	125.144	125.144	125.144	125.144	125.144	125.144	125.144	125.144	125.144
2002	113.693	125.135	124.953	124.953	124.953	124.953	124.953	124.953	124.953	124.953	124.953	124.953
2003	116.474	116.565	116.565	116.565	116.565	116.565	116.565	116.565	116.565	116.565	116.565	116.565
2004	121.106	122.835	122.635	122.635	122.635	122.635	122.635	122.635	122.635	122.635	122.635	122.635
2005	101.605	96.050	96.050	96.050	96.050	96.050	96.050	96.050	96.050	96.050	96.050	96.050
2006	101.455	105.626	202.556									
2007												

Accident Year	Age Interval in Months											
	12 to 24	24 to 36	36 to 48	48 to 60	60 to 72	72 to 84	84 to 96	96 to 108	108 to 120	120 to 132	132 - 144	144 - 156
1991	0.993	2.973	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
1992	0.951	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
1993	1.132	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
1994	0.968	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
1995	0.990	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
1996	1.332	0.996	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
1997	1.133	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
1998	1.010	0.974	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
1999	1.063	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2000	0.989	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2001	1.137	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2002	1.101	0.999	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2003	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2004	1.014	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2005	0.945	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2006	1.043	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2007												

Simple Average of Latest 10 (Non-contiguous)												
[1]	1.046	0.997	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
[2]	1.043	0.997	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
[3]	1.022	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Prior Selected	1.075	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Selected	1.050	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Dev To Ur	1.050	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000

Accident Year	Evaluation Age in Months										
	12	24	36	48	60	72	84	96	108	120	132
1991	22.821	151.987	250.191	250.191	250.191	250.191	250.191	250.191	250.191	250.191	250.191
1992	16.205	17.389	17.389	17.389	17.389	17.389	17.389	17.389	17.389	17.389	17.389
1993	31.825	36.040	36.040	36.040	36.040	36.040	36.040	36.040	36.040	36.040	36.040
1994	54.020	55.859	55.859	55.859	55.859	55.859	55.859	55.859	55.859	55.859	55.859
1995	57.407	100.663	100.663	100.663	100.663	100.663	100.663	100.663	100.663	100.663	100.663
1996	39.652	164.060	163.660	163.608	163.608	163.608	163.608	163.608	163.608	163.608	163.608
1997	90.104	119.474	119.474	119.474	119.474	119.474	119.474	119.474	119.474	119.474	119.474
1998	93.328	95.007	95.328	97.538	97.538	97.538	97.538	97.538	97.538	97.538	97.538
1999	81.136	157.981	157.981	157.981	157.981	157.981	157.981	157.981	157.981	157.981	157.981
2000	125.617	125.144	125.144	125.144	125.144	125.144	125.144	125.144	125.144	125.144	125.144
2001	100.433	124.953	124.953	124.953	124.953	124.953	124.953	124.953	124.953	124.953	124.953
2002	111.147	116.565	116.565	116.565	116.565	116.565	116.565	116.565	116.565	116.565	116.565
2003	113.874	119.873	122.835	122.835	122.835	122.835	122.835	122.835	122.835	122.835	122.835
2004	86.091	96.050	96.050	96.050	96.050	96.050	96.050	96.050	96.050	96.050	96.050
2005	68.445	105.826									
2006	68.445	105.826									
2007	111.669										

Accident Year	Age Interval in Months										
	12 to 24	24 to 36	36 to 48	48 to 60	60 to 72	72 to 84	84 to 96	96 to 108	108 to 120	120 - 132	132 - 144
1991	6.660	1.646	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
1992	0.935	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
1993	1.132	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
1994	1.034	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
1995	1.754	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
1996	4.138	0.998	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
1997	1.326	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
1998	1.018	0.974	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
1999	1.202	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2000	1.258	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2001	1.241	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2002	1.124	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2003	1.023	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2004	1.025	1.000	1.000								
2005	1.116	1.000									
2006	1.191										
2007											

[1]	Simple Average of Latest 10 (Non-contiguous)										
	1.152	0.997	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
[2]	Volume Weighted Average of Latest 10 (Contiguous)	1.149	0.998	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
[3]	Volume Weighted Average of Latest 5 (Non-contiguous)	1.099	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Prior Selected	1.180	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Selected	1.190	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Dev To Un	1.190	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000

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Accident Year	Evaluation Age in Months																
	12	24	36	48	60	72	84	96	108	120	132	144	156	168	180	192	204
1991	15	16	16	16	16	16	16	16	16	16	16	16	16	16	16	16	16
1992	10	11	11	11	11	11	11	11	11	11	11	11	11	11	11	11	11
1993	12	14	14	14	14	14	14	14	14	14	14	14	14	14	14	14	14
1994	17	18	18	18	18	18	18	18	18	18	18	18	18	18	18	18	18
1995	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30
1996	19	21	21	21	21	21	21	21	21	21	21	21	21	21	21	21	21
1997	41	42	42	42	42	42	42	42	42	42	42	42	42	42	42	42	42
1998	33	36	36	36	36	36	36	36	36	36	36	36	36	36	36	36	36
1999	24	26	26	26	26	26	26	26	26	26	26	26	26	26	26	26	26
2000	33	34	34	34	34	34	34	34	34	34	34	34	34	34	34	34	34
2001	24	28	28	28	28	28	28	28	28	28	28	28	28	28	28	28	28
2002	25	28	28	28	28	28	28	28	28	28	28	28	28	28	28	28	28
2003	37	39	39	39	39	39	39	39	39	39	39	39	39	39	39	39	39
2004	18	21	21	21	21	21	21	21	21	21	21	21	21	21	21	21	21
2005	31	34	34	34	34	34	34	34	34	34	34	34	34	34	34	34	34
2006	29	32	32	32	32	32	32	32	32	32	32	32	32	32	32	32	32
2007	24	24	24	24	24	24	24	24	24	24	24	24	24	24	24	24	24

**West Michigan Risk Management Trust**  
**Automobile Physical Damage (AP)**  
**Open Claim Counts**  
**Data Evaluated as of 06/30/2007**

Appendix C  
 Page 4

Accident Year	Evaluation Age in Months												192	204	
	12	24	36	48	60	72	84	96	108	120	132	144	156		
1991	6	1	0	0	0	0	0	0	0	0	0	0	0	0	0
1992	4	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1993	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1994	3	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1995	7	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1996	3	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1997	3	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1998	3	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1999	4	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2000	8	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2001	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2002	3	1	0	0	0	0	0	0	0	0	0	0	0	0	0
2003	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2004	2	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2005	6	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2006	4	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2007	7	0	0	0	0	0	0	0	0	0	0	0	0	0	0

Accident Year	12	24	36	48	60	72	84	96	108	120	132	144	156	168	180	192	204
1991	821.655	618.752	543.590	543.590	543.553	543.553	543.553	543.553	543.553	543.553	543.553	543.553	543.553	543.553	543.553	543.553	543.553
1992	74.246	66.236	66.238	66.238	66.238	66.238	66.238	66.238	66.238	66.238	66.238	66.238	66.238	66.238	66.238	66.238	66.238
1993	95.127	96.846	96.846	96.846	96.846	96.846	96.846	96.846	96.846	96.846	96.846	96.846	96.846	96.846	96.846	96.846	96.846
1994	225.657	196.368	197.893	197.893	197.683	194.621	194.821	194.821	194.821	194.821	194.821	194.821	194.821	194.821	194.821	194.821	194.821
1995	131.565	130.336	130.671	130.671	130.671	130.671	130.671	130.671	130.671	130.671	130.671	130.671	130.671	130.671	130.671	130.671	130.671
1996	1,378.834	1,378.170	580.070	1,212.832	1,212.832	1,212.832	1,212.832	1,212.832	1,212.832	1,212.832	1,212.832	1,212.832	1,212.832	1,212.832	1,212.832	1,212.832	1,212.832
1997	181.851	220.165	220.182	216.916	216.916	216.916	216.916	216.916	216.916	216.916	216.916	216.916	216.916	216.916	216.916	216.916	216.916
1998	108.637	533.191	533.080	533.080	533.080	533.080	533.080	533.080	533.080	533.080	533.080	533.080	533.080	533.080	533.080	533.080	533.080
1999	309.700	354.156	351.004	346.562	346.562	346.562	346.562	346.562	346.562	346.562	346.562	346.562	346.562	346.562	346.562	346.562	346.562
2000	102.146	149.665	149.685	149.685	149.685	149.685	149.685	149.685	149.685	149.685	149.685	149.685	149.685	149.685	149.685	149.685	149.685
2001	288.407	310.106	308.031	308.031	308.031	308.031	308.031	308.031	308.031	308.031	308.031	308.031	308.031	308.031	308.031	308.031	308.031
2002	252.599	293.112	293.112	293.112	293.112	293.112	293.112	293.112	293.112	293.112	293.112	293.112	293.112	293.112	293.112	293.112	293.112
2003	702.393	925.979	925.979	925.979	925.979	925.979	925.979	925.979	925.979	925.979	925.979	925.979	925.979	925.979	925.979	925.979	925.979
2004	120.041	156.194	157.184	157.184	157.184	157.184	157.184	157.184	157.184	157.184	157.184	157.184	157.184	157.184	157.184	157.184	157.184
2005	91.556	208.435	206.435	206.435	206.435	206.435	206.435	206.435	206.435	206.435	206.435	206.435	206.435	206.435	206.435	206.435	206.435
2006	267.300	267.368	267.368	267.368	267.368	267.368	267.368	267.368	267.368	267.368	267.368	267.368	267.368	267.368	267.368	267.368	267.368
2007	423.113																

Accident Year	12 to 24	24 to 36	36 to 46	48 to 60	60 to 72	72 to 84	84 to 96	96 to 108	108 to 120	120 to 132	132 to 144	144 to 156	156 to 168	168 to 180	180 to 192	192 to 204
[1]	0.753	0.879	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
[2]	0.892	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
[3]	1.018	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Prior Selected	0.678	0.998	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Selected	1.291	0.999	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Dev To Ur	1.300	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000

	Simple Average of Latest 10 (Non-contiguous)	Volume Weighted Average of Latest 10 (Contiguous)	Volume Weighted Average of Latest 5 (Non-contiguous)	Volume Weighted Average of Latest 5 (Contiguous)
[1]	1.686	0.941	1.006	0.998
[2]	1.410	0.823	1.171	0.999
[3]	1.291	0.999	1.000	1.000
Prior Selected	1.300	1.000	1.000	1.000
Selected	1.300	1.000	1.000	1.000
Dev To Ur	1.300	1.000	1.000	1.000

Accident Year	Evaluation Age in Months										Evaluation Age in Months										
	12	24	36	48	60	72	84	96	108	120	132	144	156	168	180	192	204				
1991	27.583	41.633	543.510	543.510	543.553	543.553	543.553	543.553	543.553	543.553	543.553	543.553	543.553	543.553	543.553	543.553	543.553	543.553	543.553	543.553	
1992	65.238	66.238	66.238	66.238	66.238	66.238	66.238	66.238	66.238	66.238	66.238	66.238	66.238	66.238	66.238	66.238	66.238	66.238	66.238	66.238	
1993	40.380	56.846	96.846	96.846	96.846	96.846	96.846	96.846	96.846	96.846	96.846	96.846	96.846	96.846	96.846	96.846	96.846	96.846	96.846	96.846	
1994	79.407	197.877	197.877	197.877	197.877	194.821	194.821	194.821	194.821	194.821	194.821	194.821	194.821	194.821	194.821	194.821	194.821	194.821	194.821	194.821	
1995	123.179	130.336	130.336	130.336	130.336	130.671	130.671	130.671	130.671	130.671	130.671	130.671	130.671	130.671	130.671	130.671	130.671	130.671	130.671	130.671	
1996	128.520	58.707	579.607	579.607	1,212.832	1,212.832	1,212.832	1,212.832	1,212.832	1,212.832	1,212.832	1,212.832	1,212.832	1,212.832	1,212.832	1,212.832	1,212.832	1,212.832	1,212.832	1,212.832	
1997	51.953	220.146	220.146	220.146	216.916	216.916	216.916	216.916	216.916	216.916	216.916	216.916	216.916	216.916	216.916	216.916	216.916	216.916	216.916	216.916	
1998	29.700	531.762	533.080	533.080	533.080	533.080	533.080	533.080	533.080	533.080	533.080	533.080	533.080	533.080	533.080	533.080	533.080	533.080	533.080	533.080	
1999	131.015	350.735	350.735	350.735	346.562	346.562	346.562	346.562	346.562	346.562	346.562	346.562	346.562	346.562	346.562	346.562	346.562	346.562	346.562	346.562	
2000	35.621	149.685	149.685	149.685	149.685	149.685	149.685	149.685	149.685	149.685	149.685	149.685	149.685	149.685	149.685	149.685	149.685	149.685	149.685	149.685	
2001	255.207	310.108	310.108	310.108	308.031	308.031	308.031	308.031	308.031	308.031	308.031	308.031	308.031	308.031	308.031	308.031	308.031	308.031	308.031	308.031	
2002	176.599	293.112	293.112	293.112	293.112	293.112	293.112	293.112	293.112	293.112	293.112	293.112	293.112	293.112	293.112	293.112	293.112	293.112	293.112	293.112	
2003	315.941	925.979	925.979	925.979	925.979	925.979	925.979	925.979	925.979	925.979	925.979	925.979	925.979	925.979	925.979	925.979	925.979	925.979	925.979	925.979	
2004	67.121	151.589	151.589	151.589	151.589	151.589	151.589	151.589	151.589	151.589	151.589	151.589	151.589	151.589	151.589	151.589	151.589	151.589	151.589	151.589	
2005	65.689	206.435	206.435	206.435	206.435	206.435	206.435	206.435	206.435	206.435	206.435	206.435	206.435	206.435	206.435	206.435	206.435	206.435	206.435	206.435	
2006	166.389	267.368	267.368	267.368	267.368	267.368	267.368	267.368	267.368	267.368	267.368	267.368	267.368	267.368	267.368	267.368	267.368	267.368	267.368	267.368	
2007	135.061	207	207	207	207	207	207	207	207	207	207	207	207	207	207	207	207	207	207	207	207

Accident Year	Age Interval in Months										Age Interval in Months									
	12 to 24	24 to 36	36 to 48	48 to 60	60 to 72	72 to 84	84 to 96	96 to 108	108 to 120	120 to 132	132 to 144	144 to 156	156 to 168	168 to 180	180 to 192	192 to 204	204 to 216			
[1]	4.173	1.007	1.017	0.998	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
[2]	2.626	1.007	1.172	0.999	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
[3]	2.326	1.002	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Prior Selected	3.000	1.005	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Selected	2.700	1.005	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Dev To Ult	2.714	1.005	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000

[1]	Simple Average of Latest 10 (Non-contiguous)	4.173	1.007	1.017	0.998	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
[2]	Volume Weighted Average of Latest 10 (Contiguous)	2.626	1.007	1.172	0.999	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
[3]	Volume Weighted Average of Label 5 (Non-contiguous)	2.326	1.002	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Prior Selected	3.000	1.005	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Selected	2.700	1.005	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Dev To Ult	2.714	1.005	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000

**West Michigan Risk Management Trust**  
 Property (RB, RC, TE, CM, BR)  
 Total Claim Counts  
 Data Evaluated as of 06/30/2007

Accident Year	Evaluation Age in Months										Evaluation Age in Months						
	12	24	36	48	60	72	84	96	108	120	20	20	20	20	20	20	20
1991	18	20	20	20	20	20	20	20	20	20	11	11	11	11	11	11	11
1992	11	11	11	11	11	11	11	11	11	11	11	11	11	11	11	11	11
1993	10	10	10	10	10	10	10	10	10	10	11	11	11	11	11	11	11
1994	18	21	21	21	21	21	21	21	21	21	21	21	21	21	21	21	21
1995	25	26	26	26	26	26	26	26	26	26	26	26	26	26	26	26	26
1996	33	39	39	39	39	39	39	39	39	39	39	39	39	39	39	39	39
1997	28	38	38	38	38	38	38	38	38	38	38	38	38	38	38	38	38
1998	34	53	53	53	53	53	53	53	53	53	53	53	53	53	53	53	53
1999	42	50	50	50	50	50	50	50	50	50	50	50	50	50	50	50	50
2000	14	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22
2001	35	38	38	38	38	38	38	38	38	38	38	38	38	38	38	38	38
2002	32	37	37	37	37	37	37	37	37	37	37	37	37	37	37	37	37
2003	47	48	48	49	49	49	49	49	49	49	49	49	49	49	49	49	49
2004	30	39	39	39	39	39	39	39	39	39	39	39	39	39	39	39	39
2005	28	37	37	37	37	37	37	37	37	37	37	37	37	37	37	37	37
2006	25	31															
2007	54																

**West Michigan Risk Management Trust**  
 Property (RB, RC, TE, CM, BR)  
 Open Claim Counts  
 Data Evaluated as of 06/30/2007

**Appendix D**  
 Page 4

Accident Year	12	24	36	48	60	72	84	96	108	120	132	144	156	168	180	192	204
1991	7	3	1	1	0	0	0	0	0	0	0	0	0	0	0	0	0
1992	2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1993	4	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1994	7	2	2	2	0	0	0	0	0	0	0	0	0	0	0	0	0
1995	4	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1996	16	9	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1997	9	3	2	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1998	13	2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1999	13	3	2	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2000	4	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2001	7	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2002	5	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2003	8	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2004	10	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2005	9	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2006	10	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2007	26	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

## **Statistical Data**

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WEST MICHIGAN RISK MANAGEMENT TRUST  
 Summary of Ultimate Losses by Year as of 06/30/07  
 Reconciliation of Years Exceeding the Loss Fund

Summary Exhibit 1

Occurrence Period	GL	Ultimate Losses - Undiscounted			Total Ultimate Losses			Ultimate Losses Subject to Loss Fund		Indicated Surplus (9)
		(3)	(4)	(5)	(6)	(7)	(8)	(7)	(8)	
07/01/90 - 06/30/91	\$ 12,049	\$ 45,225	\$ 65,487	\$ 128,237	\$ 250,997	\$ 335,000	\$ 250,997	\$ 333,663	\$ 84,003	0
07/01/91 - 06/30/92	143,836	106,248	17,389	66,238	333,711	333,663	333,663	333,663	0	0
07/01/92 - 06/30/93	27,939	46,904	36,040	99,826	210,709	339,132	210,709	339,132	128,423	0
07/01/93 - 06/30/94	37,163	247,940	55,869	194,821	535,793	405,000	405,000	405,000	405,000	0
07/01/94 - 06/30/95	44,703	220,161	87,301	130,671	482,837	453,000	453,000	453,000	453,000	0
07/01/95 - 06/30/96	6,776	31,435	98,291	442,475	578,977	450,000	450,000	450,000	450,000	0
07/01/96 - 06/30/97	33,057	40,406	119,474	216,916	409,853	532,500	409,853	532,500	409,853	122,647
07/01/97 - 06/30/98	31,306	33,781	92,507	440,356	597,950	650,000	597,950	650,000	597,950	52,050
07/01/98 - 06/30/99	19,079	60,547	97,538	346,562	523,726	650,000	523,726	650,000	523,726	126,274
07/01/99 - 06/30/00	290,075	58,468	157,991	149,685	656,220	725,000	656,220	725,000	656,220	68,780
07/01/00 - 06/30/01	109,401	33,218	125,144	308,031	575,794	775,000	575,794	775,000	575,794	199,206
07/01/01 - 06/30/02	140,575	34,272	124,953	293,112	592,913	775,000	592,913	775,000	592,913	182,087
07/01/02 - 06/30/03	156,000	24,727	116,565	315,941	613,233	974,000	613,233	974,000	613,233	360,767
07/01/03 - 06/30/04	240,000	202,000	122,835	157,184	722,020	1,000,000	722,020	1,000,000	722,020	277,980
07/01/04 - 06/30/05	160,000	40,000	96,050	208,435	504,485	1,000,000	504,485	1,000,000	504,485	495,515
07/01/05 - 06/30/06	110,000	36,000	105,826	270,000	521,826	1,369,108	521,826	1,369,108	521,826	847,282
07/01/06 - 06/30/07	240,000	50,000	210,000	490,000	990,000	1,368,500	990,000	1,368,500	990,000	378,500
Total	\$ 1,801,959	\$ 1,311,333	\$ 1,729,260	\$ 4,258,491	\$ 9,101,043	\$ 12,134,903	\$ 8,811,389	\$ 8,811,389	\$ 3,323,514	

- (2) From Exhibit A-2, Col (11)
- (3) From Exhibit B-2, Col (11)
- (4) From Exhibit C-2, Col (11)
- (5) From Exhibit D-2, Col (11)
- (6) = (2) + (3) + (4) + (5)
- (7) From Arthur J. Gallagher & Co. of Michigan, Inc.
- (8) The lesser of (6) and (7)
- (9) = (7) - (8), set to a minimum of 0

WEST MICHIGAN RISK MANAGEMENT TRUST  
Summary of Ultimate Losses and Limited IBSR by Year Limited to the Loss Fund

Summary Exhibit 2

Occurrence Period	Ultimate Losses Subject to Loss Fund	Paid Loss Subject to Loss Fund	Indicated Reserve	Reported Losses	Limited Reported Losses	Limited IBSR
(1)	(2)	(3)	(4)	(5)	(6)	(7)
07/01/90 - 06/30/91	\$ 250,997	\$ 250,997	\$ 0	\$ 250,997	\$ 250,997	\$ 0
07/01/91 - 06/30/92	333,663	333,663	0	333,711	333,663	0
07/01/92 - 06/30/93	210,709	210,709	0	210,709	210,709	0
07/01/93 - 06/30/94	405,000	405,000	0	535,793	405,000	0
07/01/94 - 06/30/95	453,000	453,000	0	482,837	453,000	0
07/01/95 - 06/30/96	450,000	450,000	0	578,977	450,000	0
07/01/96 - 06/30/97	409,853	409,853	0	409,853	409,853	0
07/01/97 - 06/30/98	597,950	597,950	0	597,950	597,950	0
07/01/98 - 06/30/99	523,726	523,726	0	523,726	523,726	0
07/01/99 - 06/30/00	656,220	656,220	0	656,220	656,220	0
07/01/00 - 06/30/01	575,794	575,794	0	575,794	575,794	0
07/01/01 - 06/30/02	592,913	592,913	0	592,913	592,913	0
07/01/02 - 06/30/03	613,233	603,360	9,873	603,360	603,360	9,873
07/01/03 - 06/30/04	722,020	686,982	35,037	686,982	686,982	35,037
07/01/04 - 06/30/05	504,485	440,136	64,349	455,744	455,744	48,741
07/01/05 - 06/30/06	521,826	406,024	115,802	406,024	406,024	115,802
07/01/06 - 06/30/07	990,000	272,870	717,130	658,009	658,009	331,991
Total	\$ 8,811,389	\$ 7,869,197	\$ 942,192	\$ 8,559,598	\$ 8,269,944	\$ 541,445

- (2) From Summary Exhibit 1, Column (8)
- (3) Sum of Exhibits 1, Column (3), limited to the Loss Fund by year
- (4) = (2) - (3), but not less than zero
- (5) From Exhibits 5, Column (7) [for all lines]
- (6) The lesser of (2) and (5)
- (7) = (2) - (6)

TOWERS  
PERRIN  
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WEST MICHIGAN RISK MANAGEMENT TRUST  
 General Liability  
 Loss & ALAE History as of 06/30/07

Exhibit A-5

Occurrence Period	Trust - Limited to \$250,000						Trust - Limited to Specific Retention *						Trust - Unlimited								
	Paid Loss & ALAE			Outstanding Loss & ALAE			Reported Paid Loss & ALAE			Outstanding Loss & ALAE			Reported Paid Loss & ALAE			Outstanding Loss & ALAE			Reported Paid Loss & ALAE		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	
07/01/90 - 06/30/91	\$ 12,049	\$ 0	\$ 12,049	\$ 12,049	\$ 0	\$ 12,049	\$ 0	\$ 12,049	\$ 12,049	\$ 0	143,836	0	143,836	253,575	253,575	0	\$ 0	\$ 12,049	\$ 0		
07/01/91 - 06/30/92	253,575	0	253,575	253,575	0	253,575	143,836	0	143,836	27,939	0	27,939	27,939	27,939	0	0	27,939	0	253,575		
07/01/92 - 06/30/93	27,939	0	27,939	27,939	0	27,939	0	27,939	0	37,163	0	37,163	37,163	37,163	0	0	37,163	0	37,163		
07/01/93 - 06/30/94	37,163	0	37,163	37,163	0	37,163	0	37,163	0	44,703	0	44,703	44,703	44,703	0	0	44,703	0	44,703		
07/01/94 - 06/30/95	44,703	0	44,703	44,703	0	44,703	0	44,703	0	6,776	0	6,776	6,776	6,776	0	0	6,776	0	6,776		
07/01/95 - 06/30/96	6,776	0	6,776	6,776	0	6,776	0	6,776	0	33,957	0	33,957	33,957	33,957	0	0	33,957	0	33,957		
07/01/96 - 06/30/97	33,957	0	33,957	33,957	0	33,957	0	33,957	0	31,306	0	31,306	31,306	31,306	0	0	31,306	0	31,306		
07/01/97 - 06/30/98	31,306	0	31,306	31,306	0	31,306	0	31,306	0	19,079	0	19,079	19,079	19,079	0	0	19,079	0	19,079		
07/01/98 - 06/30/99	19,079	0	19,079	19,079	0	19,079	0	19,079	0	290,075	0	290,075	290,075	290,075	0	0	290,075	0	290,075		
07/01/99 - 06/30/00	290,075	0	290,075	290,075	0	290,075	0	290,075	0	109,401	0	109,401	109,401	109,401	0	0	109,401	0	109,401		
07/01/00 - 06/30/01	109,401	0	109,401	109,401	0	109,401	0	109,401	0	140,575	0	140,575	140,575	140,575	0	0	140,575	0	140,575		
07/01/01 - 06/30/02	140,575	0	140,575	140,575	0	140,575	0	140,575	0	146,127	0	146,127	146,127	146,127	0	0	146,127	0	146,127		
07/01/02 - 06/30/03	146,127	0	146,127	146,127	0	146,127	0	146,127	0	205,656	0	205,656	205,656	205,656	0	0	205,656	0	205,656		
07/01/03 - 06/30/04	205,656	0	205,656	205,656	0	205,656	0	205,656	0	96,529	15,608	96,529	112,137	96,529	15,608	0	112,137	0	112,137		
07/01/04 - 06/30/05	96,529	15,608	96,529	112,137	0	5,506	5,506	0	5,506	0	5,506	5,506	5,506	0	0	5,506	0	5,506			
07/01/05 - 06/30/06	5,506	0	5,506	5,506	0	5,825	5,825	0	5,825	5,000	5,825	5,825	825	825	5,000	0	5,000	0	5,000		
07/01/06 - 06/30/07	825	5,000	825	5,000	825	5,000	825	5,000	825	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000		
Total	\$ 1,460,342	\$ 20,608	\$ 1,480,950	\$ 1,350,602	\$ 20,608	\$ 1,371,211	\$ 1,460,342	\$ 20,608	\$ 1,480,950												

(2) - (10) Based on data provided by West Michigan

- \* For 7/1/90 - 6/30/93: \$125,000
- For 7/1/93 - 6/30/05: \$175,000
- For 7/1/05 - 6/30/07: \$250,000

TOWER  
 PEHRIN  
 TILLINGHAST

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WEST MICHIGAN RISK MANAGEMENT TRUST  
 General Liability  
 Summary of Historical Exposure Data

Exhibit A-6

Occurrence Period	Number of Students				Adjusted Exposures
	Elementary & Jr. High	High School	Adult Education	Total	
(1)	(2)	(3)	(4)	(5)	(11)
07/01/90 - 06/30/91	26,885	11,686	1,933	40,504	40,121
07/01/91 - 06/30/92	29,014	12,326	4,023	45,363	44,326
07/01/92 - 06/30/93	38,060	13,894	5,238	57,192	56,348
07/01/93 - 06/30/94	41,266	16,436	4,839	62,541	61,620
07/01/94 - 06/30/95	43,385	17,447	6,779	67,611	66,008
07/01/95 - 06/30/96	47,110	18,283	6,706	72,099	70,735
07/01/96 - 06/30/97	48,346	19,074	6,706	74,126	72,719
07/01/97 - 06/30/98	50,246	21,803	397	72,446	72,915
07/01/98 - 06/30/99	51,386	21,697	1,077	74,160	74,530
07/01/99 - 06/30/00	51,643	22,471	734	74,848	75,195
07/01/00 - 06/30/01	51,508	23,432	894	75,834	75,885
07/01/01 - 06/30/02	53,118	25,021	980	79,119	78,954
07/01/02 - 06/30/03	54,728	26,610	1,065	82,403	82,024
07/01/03 - 06/30/04	59,617	27,510	1,350	88,477	88,332
07/01/04 - 06/30/05	60,130	27,024	1,173	88,327	88,415
07/01/05 - 06/30/06	69,704	27,712	938	98,354	99,452
07/01/06 - 06/30/07	67,547	30,992	604	99,143	99,359
07/01/07 - 06/30/08	66,465	30,957	883	98,305	98,305
<b>Total</b>	<b>910,158</b>	<b>394,375</b>	<b>46,319</b>	<b>1,350,852</b>	<b>1,345,245</b>
(6) 07 / 08 Exposure Level	66,465	30,957	883		
(7) Basic Limit Pure Premium	\$3.62	\$5.01	\$5.57		
(8) Weighted Average				4.08	
(9) Increased Limit Factor to \$250,000				1.24	
(10) Industry Loss Cost: \$250,000					\$5.05

(2) - (5) Provided by West Michigan; 05/06 forward includes Special Education students

(7) Based on insurance industry data at \$100k limits

(8) = Line (7), weighted by Line (6)

(9) Based on Tillinghast analysis of industry data

(10) = (8) x (9)

(11) Adjusts for mix in exposure category

WEST MICHIGAN RISK MANAGEMENT TRUST  
Automobile Liability  
Loss & ALAE History as of 06/30/07

Exhibit B-5

Occurrence Period	Trust - Limited to \$250,000						Trust - Limited to Specific Retention *						Trust - Unlimited					
	Paid		Outstanding		Reported		Paid		Outstanding		Reported		Paid		Outstanding		Reported	
	Paid	Loss & ALAE	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)
07/01/90 - 06/30/91	\$ 45,225	\$ 0	\$ 45,225	\$ 45,225	\$ 0	\$ 45,225	\$ 0	\$ 45,225	\$ 45,225	\$ 0	\$ 45,225	\$ 0	\$ 45,225	\$ 0	\$ 45,225	\$ 0	\$ 45,225	
07/01/91 - 06/30/92	106,248	0	106,248	106,248	0	106,248	0	106,248	106,248	0	106,248	0	106,248	0	106,248	0	106,248	
07/01/92 - 06/30/93	46,904	0	46,904	46,904	0	46,904	0	46,904	46,904	0	46,904	0	46,904	0	46,904	0	46,904	
07/01/93 - 06/30/94	322,940	0	322,940	322,940	0	322,940	0	322,940	247,940	0	247,940	0	247,940	0	247,940	0	247,940	
07/01/94 - 06/30/95	293,700	0	293,700	293,700	0	293,700	0	293,700	220,161	0	220,161	0	220,161	0	220,161	0	220,161	
07/01/95 - 06/30/96	31,435	0	31,435	31,435	0	31,435	0	31,435	31,435	0	31,435	0	31,435	0	31,435	0	31,435	
07/01/96 - 06/30/97	40,406	0	40,406	40,406	0	40,406	0	40,406	40,406	0	40,406	0	40,406	0	40,406	0	40,406	
07/01/97 - 06/30/98	33,781	0	33,781	33,781	0	33,781	0	33,781	33,781	0	33,781	0	33,781	0	33,781	0	33,781	
07/01/98 - 06/30/99	60,547	0	60,547	60,547	0	60,547	0	60,547	60,547	0	60,547	0	60,547	0	60,547	0	60,547	
07/01/99 - 06/30/00	58,468	0	58,468	58,468	0	58,468	0	58,468	58,468	0	58,468	0	58,468	0	58,468	0	58,468	
07/01/00 - 06/30/01	33,218	0	33,218	33,218	0	33,218	0	33,218	33,218	0	33,218	0	33,218	0	33,218	0	33,218	
07/01/01 - 06/30/02	34,272	0	34,272	34,272	0	34,272	0	34,272	34,272	0	34,272	0	34,272	0	34,272	0	34,272	
07/01/02 - 06/30/03	24,727	0	24,727	24,727	0	24,727	0	24,727	24,727	0	24,727	0	24,727	0	24,727	0	24,727	
07/01/03 - 06/30/04	201,307	0	201,307	201,307	0	201,307	0	201,307	201,307	0	201,307	0	201,307	0	201,307	0	201,307	
07/01/04 - 06/30/05	39,122	0	39,122	39,122	0	39,122	0	39,122	39,122	0	39,122	0	39,122	0	39,122	0	39,122	
07/01/05 - 06/30/06	27,323	0	27,323	27,323	0	27,323	0	27,323	27,323	0	27,323	0	27,323	0	27,323	0	27,323	
07/01/06 - 06/30/07	25,315	1,200	26,515	25,315	1,200	26,515	1,200	26,515	25,315	1,200	26,515	1,200	26,515	1,200	26,515	1,200	26,515	
<b>Total</b>	<b>\$ 1,424,938</b>	<b>\$ 1,200</b>	<b>\$ 1,426,138</b>	<b>\$ 1,276,398</b>	<b>\$ 1,200</b>	<b>\$ 1,277,599</b>	<b>\$ 1,200</b>	<b>\$ 1,277,599</b>	<b>\$ 2,681,933</b>	<b>\$ 1,200</b>	<b>\$ 2,681,933</b>							

(2) - (10) Based on data provided by West Michigan

- For 7/1/90 - 6/30/93: \$125,000
- For 7/1/93 - 6/30/05: \$175,000
- For 7/1/05 - 6/30/07: \$250,000

TOWERS  
PERIN  
TILLINGHAST

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WEST MICHIGAN RISK MANAGEMENT TRUST  
 Automobile Liability  
 Summary of Historical Exposure Data

Exhibit B-6

Occurrence Period	Number of Vehicles					Total	Adjusted Exposures
	Private Passenger	Vans, Pickups	Medium Trucks	Heavy Trucks	School Buses		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(11)
07/01/90 - 06/30/91	37	74	50	7	383	551	550
07/01/91 - 06/30/92	40	81	54	8	385	568	563
07/01/92 - 06/30/93	54	95	73	8	466	696	688
07/01/93 - 06/30/94	59	91	82	9	541	782	782
07/01/94 - 06/30/95	74	94	83	10	560	821	819
07/01/95 - 06/30/96	76	189	18	3	647	933	921
07/01/96 - 06/30/97	56	182	20	6	672	936	933
07/01/97 - 06/30/98	49	201	11	5	715	981	980
07/01/98 - 06/30/99	48	189	15	8	741	1,001	1,007
07/01/99 - 06/30/00	51	198	17	8	761	1,035	1,039
07/01/00 - 06/30/01	34	206	26	31	773	1,070	1,068
07/01/01 - 06/30/02	36	214	30	32	798	1,110	1,106
07/01/02 - 06/30/03	38	221	33	32	823	1,147	1,142
07/01/03 - 06/30/04	33	254	27	34	886	1,234	1,227
07/01/04 - 06/30/05	23	229	28	3	816	1,099	1,102
07/01/05 - 06/30/06	28	250	24	9	843	1,154	1,151
07/01/06 - 06/30/07	26	228	26	7	824	1,111	1,114
07/01/07 - 06/30/08	44	225	32	11	837	1,149	1,149
Total	806	3,221	649	231	12,471	17,378	17,340
(8) 07 / 08 Exposure Level	44	225	32	11	837		
(9) \$250,000 Pure Premium	\$ 193	\$ 221	\$ 196	\$ 199	\$ 138		
(10) Weighted Average Pure Premium at \$250,000						\$ 158	

(2) - (7) Provided by West Michigan

(9) Based on insurance industry data at \$100,000 limit of liability, adjusted to \$250,000 per occurrence limit

(10) = Line (9), weighted by Line (8)

(11) Adjusts for mix in exposure category

WEST MICHIGAN RISK MANAGEMENT TRUST  
Automobile Physical Damage  
Loss & ALAE History as of 06/30/07

Exhibit C-5

Occurrence Period	Trust - Limited to \$250,000				Trust - Limited to Specific Retention *				Trust - Unlimited			
	Paid	Outstanding	Reported	Paid	Outstanding	Reported	Paid	Outstanding	Reported	Paid	Outstanding	Reported
	Loss & ALAE	Loss & ALAE	Loss & ALAE	Loss & ALAE	Loss & ALAE	Loss & ALAE	Loss & ALAE	Loss & ALAE	Loss & ALAE	Loss & ALAE	Loss & ALAE	Loss & ALAE
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
07/01/90 - 06/30/91	\$ 103,965	\$ 0	\$ 103,965	\$ 65,487	\$ 0	\$ 65,487	\$ 250,191	\$ 0	\$ 250,191	\$ 0	\$ 0	\$ 0
07/01/91 - 06/30/92	17,389	0	17,389	17,389	0	17,389	17,389	0	17,389	0	0	17,389
07/01/92 - 06/30/93	36,040	0	36,040	36,040	0	36,040	36,040	0	36,040	0	0	36,040
07/01/93 - 06/30/94	55,869	0	55,869	55,869	0	55,869	55,869	0	55,869	0	0	55,869
07/01/94 - 06/30/95	68,763	0	88,763	87,301	0	87,301	100,663	0	100,663	0	0	100,663
07/01/95 - 06/30/96	122,464	0	122,464	98,291	0	98,291	163,608	0	163,608	0	0	163,608
07/01/96 - 06/30/97	119,474	0	119,474	119,474	0	119,474	119,474	0	119,474	0	0	119,474
07/01/97 - 06/30/98	92,507	0	92,507	92,507	0	92,507	92,507	0	92,507	0	0	92,507
07/01/98 - 06/30/99	97,538	0	97,538	97,538	0	97,538	97,538	0	97,538	0	0	97,538
07/01/99 - 06/30/00	157,991	0	157,991	157,991	0	157,991	157,991	0	157,991	0	0	157,991
07/01/00 - 06/30/01	125,144	0	125,144	125,144	0	125,144	125,144	0	125,144	0	0	125,144
07/01/01 - 06/30/02	124,953	0	124,953	124,953	0	124,953	124,953	0	124,953	0	0	124,953
07/01/02 - 06/30/03	116,565	0	116,565	116,565	0	116,565	116,565	0	116,565	0	0	116,565
07/01/03 - 06/30/04	122,835	0	122,835	122,835	0	122,835	122,835	0	122,835	0	0	122,835
07/01/04 - 06/30/05	96,050	0	96,050	96,050	0	96,050	96,050	0	96,050	0	0	96,050
07/01/05 - 06/30/06	105,826	0	105,826	105,826	0	105,826	105,826	0	105,826	0	0	105,826
07/01/06 - 06/30/07	111,669	\$ 90,887	202,556	111,669	\$ 90,887	202,556	202,556	\$ 111,669	202,556	\$ 90,887	\$ 90,887	202,556
<b>Total</b>	<b>\$ 1,685,043</b>	<b>\$ 90,887</b>	<b>\$ 1,785,930</b>	<b>\$ 1,630,929</b>	<b>\$ 90,887</b>	<b>\$ 1,721,816</b>	<b>\$ 1,894,312</b>	<b>\$ 90,887</b>	<b>\$ 1,985,199</b>			

(2) - (10) Based on data provided by West Michigan

- \* For 7/1/90 - 6/30/93: \$125,000
- For 7/1/93 - 6/30/05: \$175,000
- For 7/1/05 - 6/30/07: \$250,000

TOWER'S  
PERRIN  
TILLINGHAST

WEST MICHIGAN RISK MANAGEMENT TRUST  
 Automobile Physical Damage  
 Summary of Historical Exposure Data

Exhibit C-6

Occurrence Period	Number of Vehicles					Total
	Private Passenger	Vans, Pickups	Medium Trucks	Heavy Trucks	School Buses	
(1)	(2)	(3)	(4)	(5)	(6)	(7)
07/01/90 - 06/30/91	37	74	50	7	383	551
07/01/91 - 06/30/92	40	81	54	8	385	568
07/01/92 - 06/30/93	54	95	73	8	466	696
07/01/93 - 06/30/94	59	91	82	9	541	782
07/01/94 - 06/30/95	74	94	83	10	560	821
07/01/95 - 06/30/96	76	189	18	3	647	933
07/01/96 - 06/30/97	56	182	20	6	672	936
07/01/97 - 06/30/98	49	201	11	5	715	981
07/01/98 - 06/30/99	48	189	15	8	741	1,001
07/01/99 - 06/30/00	51	198	17	8	761	1,035
07/01/00 - 06/30/01	34	206	26	31	773	1,070
07/01/01 - 06/30/02	36	214	30	32	798	1,110
07/01/02 - 06/30/03	38	221	33	32	823	1,147
07/01/03 - 06/30/04	33	254	27	34	886	1,234
07/01/04 - 06/30/05	23	229	28	3	816	1,099
07/01/05 - 06/30/06	28	250	24	9	843	1,154
07/01/06 - 06/30/07	26	228	26	7	824	1,111
07/01/07 - 06/30/08	44	225	32	11	837	1,149
Total	806	3,221	649	231	12,471	17,378

(2) - (7) Provided by West Michigan

WEST MICHIGAN RISK MANAGEMENT TRUST  
 Property Coverage  
 Loss & ALAE History as of 06/30/07

Exhibit D-5

Occurrence Period	Trust - Limited to \$250,000				Trust - Limited to Specific Retention *				Trust - Unlimited			
	Paid	Outstanding	Reported	Paid	Outstanding	Reported	Paid	Outstanding	Paid	Outstanding	Reported	
	Loss & ALAE	Loss & ALAE	Loss & ALAE	Loss & ALAE	Loss & ALAE	Loss & ALAE	Loss & ALAE	Loss & ALAE	Loss & ALAE	Loss & ALAE	Loss & ALAE	(10)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(8)	(9)	(9)	(10)
07/01/90 - 06/30/91	\$ 214,758	\$ 0	\$ 214,758	\$ 128,237	\$ 0	\$ 128,237	\$ 543,553	\$ 0	\$ 543,553	\$ 0	\$ 66,238	
07/01/91 - 06/30/92	66,238	0	66,238	66,238	0	66,238	66,238	0	66,238	0	0	99,826
07/01/92 - 06/30/93	99,826	0	99,826	99,826	0	99,826	99,826	0	99,826	0	0	194,821
07/01/93 - 06/30/94	194,821	0	194,821	194,821	0	194,821	194,821	0	194,821	0	0	130,671
07/01/94 - 06/30/95	130,671	0	130,671	130,671	0	130,671	130,671	0	130,671	0	0	1,212,832
07/01/95 - 06/30/96	568,302	0	568,302	442,475	0	442,475	1,212,832	0	1,212,832	0	0	216,916
07/01/96 - 06/30/97	216,916	0	216,916	216,916	0	216,916	216,916	0	216,916	0	0	533,080
07/01/97 - 06/30/98	533,080	0	533,080	440,356	0	440,356	533,080	0	533,080	0	0	346,562
07/01/98 - 06/30/99	346,562	0	346,562	346,562	0	346,562	346,562	0	346,562	0	0	145,685
07/01/99 - 06/30/00	149,685	0	149,685	149,685	0	149,685	149,685	0	149,685	0	0	308,031
07/01/00 - 06/30/01	308,031	0	308,031	308,031	0	308,031	308,031	0	308,031	0	0	293,112
07/01/01 - 06/30/02	293,112	0	293,112	293,112	0	293,112	293,112	0	293,112	0	0	925,979
07/01/02 - 06/30/03	390,941	0	390,941	315,941	0	315,941	315,941	0	315,941	0	0	157,184
07/01/03 - 06/30/04	157,184	0	157,184	157,184	0	157,184	157,184	0	157,184	0	0	208,435
07/01/04 - 06/30/05	208,435	0	208,435	208,435	0	208,435	208,435	0	208,435	0	0	267,368
07/01/05 - 06/30/06	267,368	0	267,368	267,368	0	267,368	267,368	0	267,368	0	0	423,113
07/01/06 - 06/30/07	135,061	<u>288,052</u>	<u>423,113</u>	<u>135,061</u>	<u>288,052</u>	<u>423,113</u>	<u>135,061</u>	<u>288,052</u>	<u>135,061</u>	<u>288,052</u>	<u>423,113</u>	
Total	\$ 4,280,992	\$ 288,052	\$ 4,569,044	\$ 3,900,920	\$ 288,052	\$ 4,188,972	\$ 5,789,355	\$ 288,052	\$ 5,789,355	\$ 288,052	\$ 6,077,407	

(2) - (10) Based on data provided by West Michigan

- For 7/1/90 - 6/30/93. \$125,000
- For 7/1/93 - 6/30/05. \$175,000
- For 7/1/05 - 6/30/07. \$250,000

  
 TOWERS  
 PERRIN  
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WEST MICHIGAN RISK MANAGEMENT TRUST  
 Property Coverage  
 Summary of Historical Exposure Data

Exhibit D-6

Occurrence Period <hr/> (1)	Property Value (Millions) <hr/> (2)
07/01/90 - 06/30/91	\$ 448
07/01/91 - 06/30/92	480
07/01/92 - 06/30/93	626
07/01/93 - 06/30/94	711
07/01/94 - 06/30/95	792
07/01/95 - 06/30/96	932
07/01/96 - 06/30/97	1,007
07/01/97 - 06/30/98	1,110
07/01/98 - 06/30/99	1,360
07/01/99 - 06/30/00	1,381
07/01/00 - 06/30/01	1,421
07/01/01 - 06/30/02	1,458
07/01/02 - 06/30/03	1,764
07/01/03 - 06/30/04	1,850
07/01/04 - 06/30/05	1,904
07/01/05 - 06/30/06	2,337
07/01/06 - 06/30/07	2,597
07/01/07 - 06/30/08	2,913
Total	\$ 25,091

(2) Provided by West Michigan (starting in 05/06 Reeths-Puffer is included)

## **Other Information**

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# West Michigan Risk Management Trust

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	July 1, 1992-1993	July 1, 1993-1994	July 1, 1994-1995	July 1, 1995-1996	July 1, 1996-1997	July 1, 1997-1998	July 1, 1998-1999
<b>Students:</b>							
High school students	13,894	16,436	17,447	18,283	19,074	21,803	21,697
Elementary students	38,060	41,266	43,385	47,110	48,346	50,246	51,386
Other	5,238	4,839	6,779	6,706	6,706	397	1,077
<b>Total students</b>	<b>57,192</b>	<b>62,541</b>	<b>67,611</b>	<b>72,099</b>	<b>74,126</b>	<b>72,446</b>	<b>74,160</b>
<b>Teachers</b>	<b>3,233</b>	<b>3,432</b>	<b>3,429</b>	<b>3,775</b>	<b>3,986</b>	<b>4,048</b>	<b>4,098</b>
<b>Buses</b>	<b>466</b>	<b>541</b>	<b>560</b>	<b>647</b>	<b>672</b>	<b>715</b>	<b>741</b>
<b>Property values</b>	<b>\$ 626,178,817</b>	<b>\$ 710,500,359</b>	<b>\$ 792,206,683</b>	<b>\$ 932,294,365</b>	<b>\$ 1,007,303,336</b>	<b>\$ 1,110,435,146</b>	<b>\$ 1,359,513,765</b>
<b>Elementary schools</b>	<b>88</b>	<b>99</b>	<b>97</b>	<b>106</b>	<b>107</b>	<b>104</b>	<b>103</b>
<b>High schools</b>	<b>19</b>	<b>19</b>	<b>19</b>	<b>23</b>	<b>21</b>	<b>22</b>	<b>21</b>
<b>Number of districts</b>	<b>15</b>	<b>16</b>	<b>16</b>	<b>18</b>	<b>19</b>	<b>19</b>	<b>19</b>
<b>Premiums:</b>							
Package	\$ 365,014	\$ 342,299	\$ 395,844	\$ 409,918	\$ 421,313	\$ 365,641	\$ 320,000
Excess property	121,405	142,814	143,501	159,313	154,870	123,484	123,000
Excess liability	166,832	169,413	193,852	126,245	135,383	107,602	94,700
Boiler and machine	30,119	35,551	42,788	47,798	53,365	48,840	48,840
Student accident	-	-	-	-	-	-	-
Foreign travel	-	-	-	-	-	-	-
School board legal	-	-	-	-	-	-	-
Crime bond	-	-	-	-	-	-	-
Claims management	52,652	55,105	64,510	66,031	69,165	72,486	83,217
Risk management fee	13,394	27,013	34,726	36,650	39,554	145,000	149,350
Loss fund	344,517	405,000	453,000	450,000	532,500	650,000	650,000
MCCA	-	-	102,928	88,806	69,597	13,734	-

## Operating and Demographic Data

								% of Change Since 2005-2006	% of Change Since 1992-1993
July 1, 1999-2000	July 1, 2000-2001	July 1, 2001-2002	July 1, 2002-2003	July 1, 2003-2004	July 1, 2004-2005	July 1, 2005-2006	July 1, 2006-2007		
22,471	23,432	25,326	26,210	27,510	24,920	26,266	29,158	11%	110%
51,643	51,508	54,576	54,728	59,617	57,184	67,338	61,109	(96%)	61%
734	894	1,191	1,465	1,350	7,268	6,241	4,539	(276%)	(13%)
74,848	75,834	81,093	82,403	88,477	89,372	99,845	94,806	(56%)	66%
4,141	4,222	4,679	5,272	5,272	5,649	5,910	5,619	(56%)	74%
761	773	808	886	886	794	838	821	(29%)	76%
\$ 1,380,760,517	\$ 1,421,195,720	\$ 1,524,131,084	\$ 1,764,047,641	\$ 1,838,133,521	\$ 1,874,415,563	\$ 2,366,551,327	\$ 2,656,892,518	12%	324%
98	98	103	105	98	102	109	111	2%	26%
24	24	25	31	25	29	30	30	- %	58%
19	19	21	23	23	24	25	27	8%	80%
\$ 289,000	\$ 289,000	\$ 393,539	\$ 484,895	\$ 545,909	\$ 562,909	\$ 490,432	\$ 515,518	5%	41%
123,000	128,817	176,020	396,131	467,977	486,655	439,270	440,617	0%	263%
93,106	93,160	141,571	187,623	251,300	295,027	304,383	30,054	(90%)	(82%)
48,840	48,659	55,165	68,811	74,829	75,832	78,350	78,502	0%	161%
-	-	183,869	239,490	238,185	255,633	260,831	283,279	9%	- %
-	-	-	24,179	26,703	-	8,123	8,123	- %	- %
-	-	120,491	158,852	269,909	300,000	281,470	241,606	(14%)	- %
-	-	-	1,150	1,150	1,213	1,213	2,424	100%	- %
87,771	71,553	96,168	84,067	88,673	92,597	81,896	81,440	(16%)	55%
153,830	161,500	171,400	196,500	202,395	215,907	229,700	228,800	(0%)	1,608%
700,000	775,000	775,000	974,000	1,000,000	1,012,692	1,109,108	1,352,500	22%	293%
6,171	5,992	59,842	79,138	136,673	156,123	162,018	152,162	(6%)	- %

# **West Michigan Risk Management Trust**

## **Scope of Coverages**

The major categories of insurance protection the West Michigan Risk Management Trust provides its members are listed as follows:

### **Property**

Buildings  
Contents  
Mobile Equipment  
EDP  
Auto Physical Damage  
Flood and Earthquake  
Fine Arts  
Inland Marine  
Excess Property  
Boiler and Machinery

### **Crime**

Money and Securities  
Commercial Blanket Bond  
Depositors' Forgery  
Money Order and Counterfeit Papers

### **Other**

School Board Legal Liability  
Student Accident

### **General Liability**

Comprehensive General Liability  
Employee Benefits Liability  
Automobile Liability  
Auto Medical Payments  
Uninsured/Underinsured Motorist  
Personal Insurance Protection  
Personal Property Protection  
Foreign Legal Liability

## **West Michigan Risk Management Trust**

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### **COMPARATIVE SCHEDULE OF EXCESS INSURANCE IN FORCE FOR THE SEVENTEENTH-YEAR PERIOD ENDED JUNE 30, 2007:**

	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>
<b>Multi-peril:</b>							
Premium	\$ 646,161	\$ 755,911	\$ 812,488	\$ 914,552	\$ 957,161	\$ 985,493	\$ 828,466
Occurrence Limit	125,000	125,000	175,000	175,000	175,000	175,000	175,000
Attachment Point	333,663	339,132	405,000	453,000	450,000	532,500	650,000
Aggregate Limit	Unlimited						

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## **Excess Insurance Package**

<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
\$ 819,107	\$802,512	\$ 798,681	\$1,242,055	\$1,757,631	\$2,083,490	\$1,881,349	\$1,597,238	\$1,584,890
175,000	175,000	175,000	175,000	175,000	175,000	175,000	250,000	250,000
650,000	725,000	775,000	775,000	974,000	1,000,000	1,012,692	1,109,108	1,368,000
Unlimited								

## West Michigan Risk Management Trust

### 2006-2007 Risk Management Gallagher Excess Insurance Package

Excess Property Placed to \$ 150,000,000 per occurrence Allianz \$20,000,000 per occurrence/Annual Aggregate Flood and Earthquake \$ 1,000,000 occurrence Selective Insurance Co.	Excess Liability \$ 5,000,000 optional – Princeton Excess  Excess Liability \$ 3,000,000 per occurrence/ per District Princeton Excess	\$ 750,000 per occurrence Selective Insurance Company	\$ 750,000 per occurrence Selective Insurance Company	\$ 250,000 Self-insured Retention Occurrence  \$ 1,000 Maintenance Deductible	General Liability Employee Benefits Liability	Automobile Liability	\$ 1,000 Maintenance Deductible	\$ 1,000 Maintenance Deductible	Employee Dishonesty Crime	Loss Fund
<b>If the loss fund should be exhausted, the aggregate loss fund policy eliminates the SIR provision, and the program reverts back to a conventional type program.</b>										
(A) With this program, there is an aggregate (stop-loss) insurance policy should we exhaust the loss fund. The aggregate loss fund coverage is provided to comply with the Michigan state law, which mandates a minimum of \$5,000,000 in excess coverage above the Loss Fund.										
(B) Employee dishonesty - \$100,000; money and securities in/out - \$25,000; depositors' forgery - \$25,000										

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- (B) Employee dishonesty - \$100,000; money and securities in/out - \$25,000; depositors' forgery - \$25,000

# **West Michigan Risk Management Trust**

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## **Definitions**

### **Claim**

*Insurer Operations.* Ad demand by an insured or another party for payment for loss under an insurance contract or bond; "claim" is also used to refer to the actual or estimated amount of a loss.

### **Incurred Losses**

Both paid and known reserved losses occurring within a specific period of time.

### **Loss**

*General.* A reduction, decrease, or disappearance of value.

*Property.* The amount of a reduction in value of an insured property, caused by an insured peril.

*Casualty.* The payment of a claim on behalf of an insured.

### **Loss Adjustment Expense**

*Insurer Operations.* The expense involved in settling a loss, excluding the actual value of the loss.

### **Allocated Expenses**

- legal fees
- professional photographs
- medical records
- experts' rehabilitation costs
- accident reconstruction
- architects and contractors
- engineers
- police, fire, coroner, weather, or other such reports
- property damage appraisals
- extraordinary costs for witness statements
- official documents and transcripts
- sub rosa investigations
- medical examinations
- extraordinary travel made at client's request
- court reports
- fees for service of process
- pre- and post-judgment interest paid
- chemists
- collection cost payable to third parties on subrogation
- any other similar cost, fee, or expense reasonably chargeable to the investigation, negotiation, settlement, or defense of a claim or loss that must have the explicit prior approval of the client
- managed care